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# FOREIGN CROPS and MARKETS

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## IN THIS ISSUE

	Page
LATE CABLES - .....	468
GRAINS -	
United States Wheat Exports Greatly Reduced .....	469
Canada May Curtail Wheat Acreage and Production .....	470
Canadian Production and Exportation of Flour Increases .....	474
North African Wheat Production .....	475
United States Rice Exports Decline in August .....	476
VEGETABLE OILS AND OILSEEDS -	
Soybean Production in Danube Basin .....	477
COTTON - OTHER FIBERS -	
Wartime Control Measures .....	479
Liverpool Raw-Cotton Prices Fixed .....	480
World Cotton Exports in 1939-40 Above Preceding Season .....	481
Spanish Cotton-Mill Activity Seriously Reduced by Lack of Raw Material .....	486
Cotton Statistics .....	488
TOBACCO -	
Canadian Tobacco Crop Again Suffers from Frost .....	489
Spanish Government Authorizes Tobacco Acreage Increase of 300 Percent .....	489
China Cigarette Taxes Increased .....	490
Sumatra Planters Plan to Hold Leaf Sales in the United States .....	490
FRUITS, VEGETABLES, AND NUTS -	
Turkish Raisin Crop Much Smaller This Year .....	491
Palestine Citrus Exports Reduced 50 Percent in 1939-40 .....	491
Haitian Banana Exports Down .....	494
Canadian Fruit and Vegetable Duty Valuation .....	495
LIVESTOCK AND ANIMAL PRODUCTS -	
Brazilian Meat Exports Larger in Early 1940 .....	496
GENERAL AND MISCELLANEOUS -	
Review of the Food and Feed Situation in Continental Europe, 1940-41 .....	500

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L A T E C A B L E S

September declared exports of Brazil nuts to the United States from Brazil were 1,000 short tons of unshelled and 850 tons of shelled. Market reported as being normal with no European business. Para. (Brazil) spot price at close of month, medium size, unshelled, 3.25 cents per pound.

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Argentine Ministry of Finance announced that effective September 26 Exchange Control Office would grant exchange permits without limitation for importation of apples and pears from the United States and Canada to arrive not later than December 31.

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G R A I N SUNITED STATES WHEAT EXPORTS  
GREATLY REDUCED . . . . .

Exports of United States wheat, including flour in terms of grain, amounted to only 6,662,000 bushels during July-August, the first 2 months of the 1940-41 marketing season. In the comparable period of 1939-40 and 1938-39 they totaled 16,205,000 and 24,434,000 bushels, respectively.

UNITED STATES: Exports of wheat, including flour, to principal countries of destination, July-August 1938-1940

Country of destination	July-August					
	Exports			Percentage of total		
	1938	1939	1940	1938	1939	1940
	1,000 bushels	1,000 bushels	1,000 bushels	Percent	Percent	Percent
United Kingdom.....	6,413	2,236	1,629	26.2	13.8	24.4
Ireland.....	823	296	354	3.4	1.8	5.3
Netherlands.....	7,647	2,336	0	31.3	17.5	-
Belgium.....	2,592	2,035	0	10.6	12.5	-
Greece.....	519	26	0	1.3	0.2	-
Other Europe.....	2,570	402	77	10.5	2.5	1.2
Total Europe.....	20,364	7,331	2,060	23.3	48.3	30.9
Costa Rica.....	92	108	84	0.4	0.7	1.3
Guatemala.....	89	93	31	.4	.6	.9
Honduras.....	47	48	40	.2	.3	.6
Nicaragua.....	28	57	30	.1	.4	.4
Panama, Republic of.....	88	37	90	.3	.5	1.3
Panama Canal Zone.....	40	37	25	.2	.2	.4
El Salvador.....	63	85	18	.3	.5	.3
Cuba.....	847	365	563	3.4	5.3	8.4
Dominican Republic.....	41	54	47	.2	.3	.7
Haiti, Republic of.....	54	84	59	.2	.5	.9
Brazil.....	20	33	80	.1	.2	1.2
Colombia.....	105	120	5	.4	.8	.1
Ecuador.....	31	186	6	.1	1.2	.1
Peru.....	18	12	13	.1	.1	.2
Venezuela.....	243	372	345	1.0	2.3	5.2
Other Latin America a/ ..	7	73	13	-	.4	.2
Total Latin America.....	1,816	2,314	1,479	7.4	14.3	22.2
West Indies b/.....	202	76	82	.8	.5	1.2
Orient c/.....	163	3,521	2,126	.7	21.7	31.9
Philippine Islands.....	666	775	667	2.7	4.8	10.0
Other countries.....	1,223	1,688	248	5.1	10.4	3.8
Total all countries.....	24,434	16,205	6,662	100.0	100.0	100.0

Compiled from official records, Bureau of Foreign and Domestic Commerce.

a/ Argentina, Bolivia, Chile, Mexico, Paraguay, Uruguay. b/ British, French, and Netherlands West Indies. c/ China, Japan, Hong Kong, Kwantung.

With the continental markets closed and shipments to the British Isles drastically reduced, less than 31 percent of the total this season was destined for Europe, as against 48 percent last year and 83 percent in 1938-39. Exports to Latin America were smaller at 1,479,000 bushels than in July-August of the previous 2 years, but represented a much larger share of the total. The Orient and the Philippine Islands together have been the most important outlet for United States wheat and flour this season. Although the amount destined for these countries during July-August was smaller than in the comparable period of last year, it accounted for about 42 percent of the total exported.

#### CANADA MAY CURTAIL WHEAT ACREAGE AND PRODUCTION . . .

The large 1940 crop and record carry-over stocks from 1939-40 make Canada's present wheat supply more than sufficient to meet normal domestic needs and the requirements of the United Kingdom during both this and the next marketing season, according to United States Agricultural Attaché C. C. Taylor at Ottawa. While the European War justifies to some extent the maintenance of large reserves, drastic cuts in next year's wheat acreage, in order to reduce production, seem desirable at this time. Present supplies have swamped storage facilities, and the quota system for grain deliveries has restricted farm income until such time as wheat can flow more freely into trade channels. If, however, cash prices at Winnipeg are no higher than the level guaranteed by the Government, the Canadian Wheat Board is the only outlet through which the new crop can be marketed, and all of it will be purchased by the Board, as was the case with much of the 1939 crop.

#### The supply situation

The current wheat crop, estimated at 561 million bushels, probably exceeds domestic and foreign market requirements by 275 million bushels. The carry-over of old-crop wheat, including stocks in the United States, was 301 million bushels. If there is no great change in current demand during this season, the carry-over on next August 31 will still total 575 million bushels. This eventuality has moved the Canadian authorities to consider the possibility of reducing the production of wheat in 1941.

#### Measures suggested for reducing wheat production

In order to bring the Canadian wheat crop down to about 200 million bushels, which would cover domestic requirements and leave a small surplus, it is estimated that only 13 million acres need to be sown, using the 20-year average yield per acre of 15 bushels as the return to be expected. This would necessitate a reduction of about 55 percent from the 28.7

million acres sown to wheat for the current crop, which is too much to expect but is considered justified by the probabilities of supply and demand.

GRAIN: Acreage and production, by specified geographic divisions, average 1933-1937, annual 1938-1940

Item	Acreage				Production			
	Average 1933- 1937	1938	1939	1940	Average 1933- 1937	1938	1939	1940
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
<u>Manitoba</u>								
Wheat.....	2,617	3,184	3,201	3,512	32,823	50,000	63,000	71,000
Rye.....	93	205	178	159	1,387	3,240	2,000	2,309
Barley.....	1,247	1,355	1,344	1,256	22,218	31,000	38,000	28,500
Oats.....	1,452	1,462	1,377	1,293	30,085	41,000	34,500	34,500
<u>Saskatchewan</u>								
Wheat.....	13,970	13,793	14,233	15,571	106,080	137,800	250,000	260,000
Rye.....	376	292	647	2,607	2,037	3,400	9,300	7,179
Barley.....	1,122	1,207	1,149	1,251	15,051	20,000	26,000	26,000
Oats.....	4,640	4,171	4,144	3,880	71,892	90,000	112,000	103,000
<u>Alberta</u>								
Wheat.....	7,654	7,969	8,379	8,667	91,036	143,200	150,000	203,000
Rye.....	163	158	189	177	1,101	2,700	2,400	3,394
Barley.....	859	1,125	1,114	1,115	16,660	29,200	27,000	34,500
Oats.....	2,866	2,885	2,706	2,645	72,541	101,000	85,000	114,000
<u>Total Prairie Provinces</u>								
Wheat.....	24,241	24,946	25,813	27,750	229,939	336,000	463,000	534,000
Rye.....	632	655	1,014	943	4,525	9,340	13,700	12,882
Barley.....	3,294	3,687	3,607	3,622	53,929	80,200	81,000	89,000
Oats.....	8,958	8,518	8,227	7,818	174,518	232,000	231,500	251,500
<u>Total Canada</u>								
Wheat.....	25,054	25,931	26,756	28,726	247,821	360,010	489,623	561,104
Rye.....	701	741	1,102	1,035	5,703	10,988	15,307	14,593
Barley.....	3,985	4,454	4,347	4,342	73,225	102,242	103,147	110,538
Oats.....	13,538	13,010	12,790	12,298	312,633	371,382	384,407	405,095

Dominion Bureau of Statistics, Ottawa.

It should be pointed out, however, that not all of the increase in wheat production has resulted from acreage expansion. The more general use of rust-resistant wheats, such as Thatcher and Renown, has been an important contributing factor. Also, the practice of summer fallow for part of the wheat lands tends to increase yields and quality. An extension of this practice would not only result in better yields but at the same time would reduce the total annual outturn.

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It has been suggested that the Government's policy be revised and the guaranteed price lowered, in order to stop the encouragement given the Prairie wheat farmers to produce surplus wheat; that livestock production be increased; that farmers needed for other war efforts should let their land lie fallow, while engaging in war industries that could be established in the cities of the Prairie Provinces. On the other hand, it has been recommended that the minimum guaranteed wheat price for 1941 be fixed now at a higher figure than for 1940 to induce producers to equip themselves with storage facilities. With this, however, it was added that some sort of control over 1941 production would be necessary either on an acreage- or marketing-quota basis.

As the wheat acreage has been extended over the Prairie Provinces, the combined acreage of the other grains and flaxseed has not been correspondingly increased. Some shifting to these crops would relieve the wheat situation to some extent. Also, areas formerly used for prairie or natural pastures and partially wooded lands might be returned to their original uses, especially in cases of submarginal wheat lands. Resulting increases in feed-grain production, forage crops, and pastures would tend to encourage livestock and livestock products, which is considered desirable by some authorities. Though it is recognized that surpluses of feeds or livestock might also result, such a development is believed by certain advisors to be less unfavorable than the burdensome wheat surplus.

#### The storage problem

It is expected that a large part of the current wheat crop of Canada will have to be stored on farms throughout this marketing year and that public storage facilities will still be full when the 1941 crop is harvested. An effort will be made to meet the situation on farms by leaving stacks of wheat unthreshed, by storing grain in sheds or any other available farm buildings, and by piling grain outdoors in improvised enclosures.

To relieve the pressure on public warehouses and elevators, the utilization of available buildings as annexes has been authorized, and a program for erecting 400 temporary buildings for this purpose by the Saskatchewan Pool Elevators, Limited, has been inaugurated. The Canadian Agricultural Supplies Board has arranged for the allocation of space for storing 4 million bushels of feed grain at points along the St. Lawrence River, in order that eastern farmers may obtain western grain before the close of inland navigation, and The Nova Scotia Department of Agriculture has advised the dairy farmers to buy their winter supplies of feed grain early to avoid the risk of higher prices later on and to help in alleviating the storage problem. Despite these measures, it is estimated that only 260 million bushels of western wheat can be delivered before the close of navigation and that about 100 million bushels will still remain on farms at the beginning of the next marketing season, August 1, 1941.

That some progress has been made in relieving the congestion at storage centers is evidenced, however, by the fact that the 5-bushel-per-acre marketing quota originally fixed for wheat, barley, and oats has been increased and, in the case of the feed grains, removed altogether. At certain points, deliveries of wheat may be at the rate of 8, 10, 12, or even 15 bushels per acre.

#### The financing problem

Farmers are still unable to deliver their grain in as large a volume as is usual in the early months of the August-July marketing year, and some form of financial assistance is expected to be made available to them. Various proposals have been under consideration by the Federal and Provincial Governments, but no decision has been announced. The Wheat Board is legally barred from advancing any part of the guaranteed price until the wheat is actually delivered, and the Dominion Government holds that constitutionally the problem should be solved by each Province for itself, although cooperation from the Dominion could be expected. Recent press reports state, however, that the lot of the farmers of the Prairie Provinces has been improved already by the quota increase and by a promised larger overseas movement of both wheat and flour. Furthermore, it has been estimated that the cash returns received by farmers during this year from agricultural products will be larger than in any other year since 1929.

#### Recent regulations governing wheat products

An amendment to the Wheat Board Act was made last summer, providing for a processing tax of 15 cents per bushel to apply on all wheat processed for human consumption in Canada. The Board further announced on September 6 that the processor, the importer, or the transferee who takes flour out of bond for human consumption in Canada must pay 70 cents to the Board for each 196-pound barrel of flour removed, which is equivalent to about 15 cents per bushel of wheat.

The order issued by the Wartime Prices and Trade Board on August 5, prohibiting a rise in bread prices because of the processing tax, was rescinded on September 7. It was announced that, prices of wheat and flour having fallen since July, no increase in bread prices was justified; if it occurred, fresh action would be considered by the Board.

#### Minimum wheat prices lowered

At the request of the Canadian Wheat Board, the Council of the Winnipeg Grain Exchange announced that, effective September 18, new minimum wheat prices would supercede those established on May 18 for wheat futures at Winnipeg. The former prices, basis Fort William-Port Arthur, came into effect June 6 and were as follows: May, 70-3/8 cents per bushel; July, 71-3/8; October, 73-5/8; December, 74-5/8 cents. The new prices were placed slightly lower as follows: October, 70 cents per bushel; December, 71-5/8; May, 75-5/8 cents.

With regard to cash prices, it was announced: "If and when the closing price of the nearby or current wheat future is the minimum price prescribed for that future, the minimum flat price of all grades of cash wheat in store Fort William and/or Port Arthur shall be established and announced daily by the cash closing price committee and until the close of the next trading session shall not be lower than the closing price for each grade so established and announced." All flat purchases of such grades west of Fort William and/or Port Arthur are to be based on the prices announced.

Wheat futures prices at Winnipeg dropped on June 25 to the minima formerly in force following the French military collapse and remained at those levels until the new prices came into effect. It was anticipated by the trade that they would similarly drop to the new levels established, but during late September they ranged somewhat higher.

#### CANADIAN PRODUCTION AND EXPORTATION OF FLOUR INCREASES . . . . .

A significant increase in the production and exportation of wheat flour was reported in Canada during August-July 1939-40, according to United States Agricultural Attaché C. C. Taylor at Ottawa. Although operating at only about 66 percent of their full capacity, Canadian mills ground over 80 million bushels of wheat, resulting in the production of 17,750,000 barrels of flour. In 1936-39, working at 57 percent of capacity, they milled about 69 million bushels of wheat from which 15,234,000 barrels of flour were obtained. The exportation of flour during the two seasons totaled 6,781,000 and 4,604,000 barrels, respectively. Recent activity in the Canadian flour market suggests that the production and export of flour may be on a still larger scale this season than last. The substantial orders for flour now being placed by the United Kingdom indicate that a larger part of its wheat-import requirements may be filled this season in the form of flour.

#### CANADA: Production and exportation of wheat flour, August-July, 1936-37 to 1939-40

August-July	Wheat ground	Percentage of mill capacity	Total flour production	Wheat flour exported
	1,000 bushels	Percent	1,000 barrels	1,000 barrels
1936-37.....	64,571	51.1	14,277	4,526
1937-38.....	57,838	46.4	12,870	3,610
1938-39.....	68,944	56.6	15,234	4,604
1939-40.....	80,293	65.7	17,750	6,781

Office of United States agricultural attaché, Ottawa.

## NORTH AFRICAN WHEAT PRODUCTION . . .

Wheat production in North Africa in the current year was reduced from that of last year by around 20 percent, according to information available in the Office of Foreign Agricultural Relations. In 1939, the combined crop of Egypt, Algeria, Morocco, and Tunisia totaled almost 149 million bushels, but the outturn in 1940 is believed not to have exceeded 130 million bushels. A crop of this size, however, is above the average crop obtained during 1933-1937 of 114 million bushels.

The 1940 harvest in Egypt was officially placed at 49.8 million bushels, an increase of about 2 percent over the good crop of 1939 and almost 18 percent above the average of 1933-1937. The record crop since the World War of 1914-1918 was that of 1932, when nearly 53 million bushels were reported. While the area sown for 1940 was considerably smaller than in 1932, it was the largest reported since that time. Black rust is reported to have caused some crop reduction, especially in Lower Egypt. Although until recent years a net importer of wheat, Egypt is reported to have supplied Greece with sizable quantities this season.

Crop returns in Algeria were apparently even less favorable than earlier prospects indicated. Rains and generally unsettled weather during June interfered with harvesting operations, and some damage from hail was reported. Unofficial sources place the outturn at around 28.0 million bushels, as compared with 42.6 million harvested last year and the 1933-1937 average of 34.4 million bushels. About two-thirds of the 1940 crop was reported to be of durum wheat and one-third of bread wheat.

In accordance with instructions received from France last fall, efforts were made to increase the cereal crops of Morocco in 1940. Although, as a result of war conditions and the large harvest of 1939, seed loans to natives were reduced, the Government tried to keep the acreage sown in line with that of the previous year by releasing men from military service for work in the fields. It was reported that about 3.2 million acres were sown, or slightly more than for the 1939 crop, but drought and heat in the early spring months reduced prospects considerably. The harvest is estimated by the Moroccan Wheat Office at about 24.0 million bushels as compared with 38.8 million bushels produced in 1939 and the 1933-1937 average of 24.3 million bushels. About 15 million bushels of the current crop are durum and 9 million, bread wheat.

Little specific information has been received regarding the Tunisian wheat crop. Prospects were generally favorable in the early summer. The outturn was probably considerably below the large crop of 18.6 million bushels produced in 1939 but above the 13.1 million bushels averaged during 1933-1937.

# UNITED STATES RICE EXPORTS DECLINE IN AUGUST . . . . .

Rice exports during August, the first month of the 1940-41 marketing year, were about 7 percent below August of last year. This is the first month for many years in which no rice was exported to Europe. During the past 3 years, rice exports to Europe have averaged from 3 to 6 million pounds per month. Cuba continued to be the outstanding foreign market for United States rice. In spite of Cuba's reduced purchases of oriental rice, exports from this country to date have shown little change from a year ago. Except for 832,000 pounds to the French West Indies, exports during August to other destinations were insignificant.

RICE: United States exports to specified destinations, August 1938, 1939, and 1940, and August-July 1938-39, and 1939-40 a/

Destination	August			August-July	
	1938	1939	1940	1938-39	1939-40
	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds
Europe . . . . .	1,296	1,450	0	59,492	41,815
Cuba . . . . .	27,238	17,408	17,463	239,449	239,514
Canada . . . . .	256	1,059	56	19,006	15,159
Others . . . . .	1,730	592	1,194	8,175	10,023
Total . . . . .	30,520	20,509	18,713	326,122	306,510

Compiled from official records, Bureau of Foreign and Domestic Commerce.

a/ Includes rough converted to clean rice.

Rice shipments to domestic possessions showed a 55-percent decline in August compared with the same month last year. Shipments during August to both Puerto Rico and Hawaii were materially below average.

RICE: United States shipments to possessions, August 1938, 1939, and 1940, and August-July 1938-39 and 1939-40 a/

Destination	August			August-July	
	1938	1939	1940	1938-39	1939-40
	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds
Puerto Rico . . . . .	3,396	14,301	6,860	211,284	263,409
Hawaii . . . . .	6,512	10,096	3,951	78,531	81,159
Alaska . . . . .	125	108	151	1,102	971
Virgin Islands . . . . .	19	48	57	1,382	563
Total . . . . .	10,052	24,553	11,019	292,299	346,102

Compiled from official records, Bureau of Foreign and Domestic Commerce.

a/ Includes rough converted to clean rice.

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# V E G E T A B L E   O I L S   A N D   O I L S E E D S

## SOYBEAN PRODUCTION

### IN DANUBE BASIN . . .

The total 1940 soybean production in Bulgaria, Hungary, and Yugoslavia is more than double last year's harvest, according to information available in the Office of Foreign Agricultural Relations. Production for the three countries is expected to total about 1,900,000 bushels as compared with 840,000 bushels in 1939. In Rumania this year production is indicated at a much lower figure, as 80 percent of the country's soybean acreage was in Bessarabia, the area taken over by the Soviet Union. Normally a large percentage of the Danubian production is exported to Germany, as German companies in these countries have encouraged production. No information is available to indicate whether the large quantity produced in Bessarabia will be exported to Germany this year.

### SOYBEANS: Acreage and production in the Danube Basin, 1938-1940

Country	Acreage			Production		
	1938	1939	1940	1938	1939	1940
	1,000	1,000	1,000	1,000	1,000	1,000
	acres	acres	acres	bushels	bushels	bushels
Bulgaria.....	31	44	99	246	613	1,415
Hungary.....	-	a/ 7	12	-	a/ 125	194
Rumania.....	139	a/ 256	b/ 54	1,303	a/ 3,532	b/ 704
Yugoslavia .....	10	ac/ 16	d/ 21	140	ac/ 103	d/ 294
Total .....	180	a/ 323	186	2,189	a/ 4,373	2,607

a/ Revised on the basis of the latest official estimates available.

b/ Exclusive of Bessarabia and the part of Bukovina ceded to the Soviet Union. c/ Preliminary estimate of the Yugoslav Ministry of Agriculture.

d/ Trade estimate.

The first official estimate for the 1940 soybean crop in Bulgaria is 1,415,000 bushels, representing an increase of 130 percent over 1939, with an increase in acreage of 125 percent. Weather conditions, especially the rainfall late in July and during August, were reported as favorable to this year's crop.

It is the intention of the Bulgarian Ministry of Agriculture to extend soybean acreage during the coming years, due to the increased demand from Germany, and to educate local farmers to appreciate the value of a crop that is not only high in fat and protein but also improves the crops that follow.

The guaranteed price of \$1.81 per bushel to farmers has not been changed. All soybean shipments go to Germany, exports for the calendar year 1939 amounting to 648,000 bushels.

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The official estimate for the 1940 soybean acreage in Hungary is now placed at 12,000 acres with a yield of 194,000 bushels, which is 55 percent above the revised figure for 1939. Reports from semiofficial sources state that soybean acreage, as well as that of other oilseed crops, will be increased by 30 percent during 1941. The blockade prevents importation of oilseeds from Asia and Africa, and with the annexation of new territories, the consumption of vegetable oils has greatly increased.

Practically all soybeans produced in Hungary are converted into food for the army; therefore, all stocks exceeding 18 bushels must be reported to the National Raw-Stock Commission. The trade in soybean oil, insofar as such oil is produced, is the exclusive monopoly of the Futura (the Central Trading Company of Cooperative Associations).

No statistics are available concerning exports of soybeans, and trade sources agree that there probably will be none during 1940. In April of this year the official purchasing price was increased from \$1.20 to \$1.44 per bushel, and on August 28, 1940, it was increased to \$1.66 per bushel.

The unofficial estimate for the 1940 Yugoslav soybean production is 294,000 bushels from 21,000 acres, which is considerably higher than the previous year. Ample rainfall during July and August proved beneficial to this year's crop, which is 185 percent higher than that produced in 1939. The German company that handles exports of soybeans states that none have been shipped in 1940; however, 118,000 bushels were exported to Germany in 1939. The price of \$1.47 per bushel, fixed by the Government in making contracts with soybean producers for their 1940 crop, remains unchanged. It is expected that higher prices will have to be offered for the 1941 crop.

According to the Rumanian 5-year plan, published this spring, the soybean area was to be increased to 395,360 acres in 1940. This plan must now be revised owing to the cession of Bessarabia, in which about 80 percent of the area is located. The Rumanian Ministry of Agriculture estimates the 1940 soybean production at 704,000 bushels from 54,000 acres. It was thought that, with abundant rainfall during the summer months, the soybean crop would be large; however, because of lack of sufficient human and animal power for proper cultivation, the yield this year may prove to be no higher than 13 bushels per acre compared with 14 in 1939. Prices for this season have been fixed by the "Soia" company at \$1.50 per bushel as compared with \$1.26 paid since December 1939.

Exports of soybeans since October 1938 have been almost exclusively to Germany, amounting to 1,780,000 bushels for the 1938-39 season and 2,480,000 for the 8 months September-April 1939-40.

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C O T T O N - O T H E R F I B E R S

WARTIME CONTROL MEASURES . . .

The following are some significant wartime control measures affecting cotton, adopted by British India and Belgium since the intensification of hostilities in Europe.

British India

Following the announcement early in July of the Government of India's agreement to guarantee war-risk insurance against losses on land, Bombay cotton prices recovered from the low levels reached in June. The April-May 1941 Broach Contract, which had been quoted on June 29 at a price equivalent to about 6.99 cents per pound, reached 7.74 cents on July 15 and closed at 7.54 cents on July 31.

Other wartime regulations affecting the price rally included the reopening on July 4, 1940, of the port of Bombay, closed to outgoing merchant shipping since June 25 as a result of enemy naval action in the Indian Ocean. Import restrictions announced on May 20, 1940, served to virtually eliminate further imports of American cotton. Such imports are subject to licenses that may be granted only under two conditions: (1) application for the license must be made by a spinner, and (2) the Controller must be satisfied that for technical reasons the importation of American cotton is necessary. It was pointed out by the Controller that Indian mills could be adjusted, without any great technical difficulty, to the use of British African cotton in place of American. It seems, therefore, that imports of American cotton into India will be virtually excluded under the present terms of this regulation. Indian purchases of American cotton during the year ended July 31, 1940, totaled 79,000 bales (of 478 pounds net).

The ban placed on short sales by the East India Cotton Association, effective June 8, 1940, was removed on July 13. Toward the end of July there was heavy liquidation by longs, and while mill purchases of select Broach, Oomra, and East African descriptions were active, the outlook for any appreciable increase in domestic consumption was not bright. The open license permitting unrestricted imports into India of cotton grown in Egypt and the Anglo-Egyptian Sudan was cancelled on July 27, 1940, but was reestablished 2 days later.

Japan

A self-imposed restriction on imports of cotton from India, effective July 12, 1940, was announced earlier by the Japan Cotton Spinners' Association. Because of the shortage of shipping space from Bombay to Japan and China, it was stated, freight space on Japanese ships would

be allocated on a preferential basis for cotton purchased in India before June 1, 1940. No space was to be allocated for cotton purchased subsequently until the previous commitments had been liquidated. Allotments, it is understood, are being based on a percentage of consignments made by individual shippers during the year ended October 31, 1939.

### Belgium

The Belgian Government issued a decree on July 27, 1940, placing under strict regulation the manufacture and sale of all raw materials for spinning mills, as well as the products of such mills. The quantity of materials processed during any one month must not exceed 30 percent of the monthly average used in 1938, without special authorization from the Central Office for Textiles established at Brussels to supervise the entire textile industry. In the case of cotton, a division on a 3-month basis is permissible. Special permission of the Central Office is also necessary for the creation or extension of textile plants, and accurate records of raw-material movements and warehouse stocks are required.

Regulations applying specifically to cotton prohibit the use of Egyptian and Peruvian cotton or the manufacture of absorbent cotton from raw cotton without special authorization. Plants using cotton yarns for weaving may use those yarns only in the manufacture of certain articles designated in the decree.

### LIVERPOOL RAW-COTTON PRICES FIXED . . . . .

Prices in the futures market at Liverpool moved sharply upward during the week ended September 27, according to cabled advice received from the American Embassy at London. Delay in announcing October freight quotas, construed as indicating the probability of a small allotment, and the loss of a large cargo of American cotton stimulated demand. General war developments, moreover, created an atmosphere in which the advance of prices threatened to get out of hand.

As a result, the directors of the Liverpool Cotton Association on September 25 closed the market for the next 3 business days. On September 30 the Cotton Controller announced his decision to fix maximum prices for American and Egyptian cottons, both futures and spot quotations. Prices as from October 1 were fixed at the closing prices for futures and at official spot quotations as recorded in the daily report of the Liverpool Cotton Association for September 24, 1940. No price control is to be applied to other growths so long as their prices remain in normal relation to American and Egyptian. The maximum prices fixed for American and Egyptian are less than those quoted on September 25 - the day following which the market was closed until October 1.

LIVERPOOL: Raw-cotton price per pound, spot and futures,  
September 11-25 and October 1, 1940

	Spot price	Futures		
		December	January	March
	Pence	Pence	Pence	Pence
September 11 .....	8.30	7.48	7.39	7.19
18 .....	8.32	7.58	7.50	7.30
20 .....	8.40	7.63	7.55	7.35
23 .....	8.35	7.67	7.60	7.44
24 .....	8.41	7.77	7.67	7.50
25 .....	8.82	7.91	7.81	7.61
As from October 1, fixed	8.41	7.77	7.67	7.50

Compiled from official sources.

It is felt in trade quarters that this freezing of maximum prices is a temporary measure presumably to be replaced by a more permanent regulation at some later date. There is little doubt, however, that prices will continue to be strictly regulated. Another important step announced simultaneously with the fixed prices for raw cotton was taken by the Minister of Supply in an Order subjecting to license the utilization of all cottons grown outside the Empire, that is to say, cottons the further purchase of which from abroad would necessitate drafts against British resources of foreign exchange.

In the spot market at Liverpool during the week ended September 27, spinner and merchant inquiry for desirable medium to short-stapled cotton was considerable. The week's sales totaled 40,000 bales. The turnover in long-stapled cottons was restricted by a scarcity of spot supplies.

Business at Manchester was generally inactive. Export sales continued unimportant and the home trade covered no more than retail lots. Some contracts were placed by the Government subject to later settlement of prices, yet producers continued to lose ground. As a result, mill activity has declined to around 80 percent of normal.

WORLD COTTON EXPORTS IN 1939-40  
ABOVE PRECEDING SEASON . . . . .

World exports of cotton during the year ended July 31, 1940, were greatly increased from the low level of the preceding season. They were slightly above the 1937-38 level and only about 9 percent below average. The most striking aspect of the situation by comparison with recent years was the relatively high level of exports from the United States, due largely to the export program of the United States Government. Other leading exporting countries shipped smaller quantities than during the 3 preceding years. Analysis of the situation is made difficult by the fact that no official figures on cotton exports have been published by the Government

of India since January, and the unofficial figures of the Indian Trade Journal have not yet appeared for July or August. All available indications, however, point to total exports of about 2 million bales from British India.

During most of the year, the effect of the current world upheaval on international trade in cotton was more apparent in the Orient than in the Occident. Japan, which has been the world's largest importer of raw cotton during a number of recent years, was forced by falling exports of cotton goods to curtail its purchases of fiber substantially. The force of this trade-restrictive influence is far from spent, so that a continuation of the decline in Japanese imports seems probable.

There was a somewhat unusual geographic distribution of United States cotton exports during the year. Exports to the United Kingdom were a considerably larger proportion (31 percent) of the total than is usually the case. Exports to Canada and to a number of the smaller European countries that were neutral during the first months of the war were also unusually large, although these countries are never an important fraction of our total foreign market. All of these countries took a considerably greater number of bales than they did, on the average, during the 10 years, 1923-24 to 1932-33. The United Kingdom took more than in any year since 1926-27 and 12 percent more than average. Canada's takings were almost twice average and the highest for any year on record. Exports to Germany and Poland, on the other hand, were practically zero, a decrease from almost one fourth of the total having been brought about over a period of about 6 years. Exports to Japan, while somewhat above the low level of the 2 previous years, were 28 percent below the 10-year average.

The rise in United States cotton exports was due largely to the following factors: (1) the depleted condition of foreign stocks of American cotton at the beginning of the season; (2) the export-payment program of the United States; and (3) the fear of foreign buyers that ocean shipping would be more and more difficult and costly as the war in Europe progressed. The export-payment program was particularly effective because of its temporary nature and the way in which the level of payments under the program was tapered off prior to its discontinuation. Purchasers rushed to take advantage of the payments while they were available, especially as reductions began to appear probable. Much of the cotton exported during the season appears to have gone into stocks, which does not augur well for exports during the coming season. The increased difficulties of ocean shipment and the effect of hostilities on industrial activity in the important European markets for United States cotton are other factors pointing toward lower exports to Europe.

Egypt exported somewhat less cotton during the 1939-40 season than in those immediately preceding it, but substantially more than average. The practical disappearance of German, Czech, and Polish purchases and the curtailment of those of Italy, Japan, and a number of small European

countries was partially offset by increased shipments to the United Kingdom, France, the United States, and India. Exports of cotton from the Sudan during the current 1939-40 year were far below those of the past 2 years. Of the 147,000 bales shipped this year, the United Kingdom and British India took 70 percent. France, ranking third as a purchaser of Sudan cotton, took 17 percent of the total shipments.

Exports of cotton from Brazil increased steadily from year to year until 1938-39 when a new high of 1,609,000 bales was reached. This year the total exports decreased 39 percent from the high point. Shipments to Germany, the largest market 2 years ago, dropped from 338,000 bales to 70,000 bales. Those to Japan, the largest market last year, were cut almost in half. China, the Netherlands, Italy, Belgium, Spain, and Poland all took decreased amounts. The total exported to all countries was the lowest in 4 years. Shipments of 309,000 bales of cotton from Peru during the 1939-40 year were 12 percent below the previous season's high and 47 percent above the average. During the past 3 years, the heaviest shipments went to the United Kingdom. Germany, ranking second as a purchaser of Peruvian cotton prior to 1939-40, took 27 percent of the total exports in 1937-38 and 25 percent in 1938-39, compared with 2 percent the past year. Japan, Italy, China, Chile, and the United States increased their purchases in 1939-40. Argentina exported 121,000 bales of cotton during the year ended July 31, 1940, compared with 116,000 bales last year, an increase of 5 percent. Decreased shipments to Germany were more than offset by heavier shipments to the United Kingdom, Italy, and Spain.

COTTON: Summary of world exports, average 1923-24  
to 1932-33, and seasons 1936-37 to 1939-40

Exporting countries	Year ended July 31				
	Quantity				
	Average 1923-24 to 1932-33	1936-37	1937-38	1938-39	1939-40
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
United States .....	8,215	5,689	5,976	3,512	6,532
British India .....	2,759	3,607	1,721	2,685	a/
Egypt .....	1,463	1,828	1,792	1,763	1,639
Brazil .....	86	1,081	1,147	1,609	981
Peru .....	210	350	301	351	309
Argentina .....	89	141	49	116	121
Sudan .....	99	279	278	341	147
Total 7 countries .....	12,921	12,975	11,264	10,377	-
Total excluding British India	10,162	9,368	9,543	7,692	9,729

Compiled from official sources.

a/ Data not available since June. August-June figures were 1,876,000 bales compared with 2,404,000 bales a year earlier.

COTTON: Exports from principal exporting countries,  
average 1923-24 to 1932-33, and annual 1937-38 to 1939-40 a/

Destination of exports from principal exporting countries	Year ended July 31							
	Quantity				Percentage of total			
	Average				Average			
	1923-24 to 1932-33	1937-38	1938-39	1939-40	1923-24 to 1932-33	1937-38	1938-39	1939-40
Exports from the United States to	1,000 bales	1,000 bales	1,000 bales	1,000 bales				
Germany * .....	1,860	704	345	20	23	12	10	b/
United Kingdom ...	1,794	1,651	421	2,007	22	28	12	31
France .....	866	772	362	773	10	13	10	12
Italy .....	712	540	292	577	9	9	8	9
Spain .....	304	1	18	294	4	b/	1	5
Soviet Union .....	c/ 219	d/	0	0	3	b/	0	0
Belgium .....	196	205	94	215	2	3	3	3
Netherlands .....	141	128	74	172	2	2	2	3
Sweden .....	60	91	101	206	1	2	3	3
Portugal .....	46	41	11	35	b/	1	b/	1
Poland & Danzig...	27	253	180	6	b/	4	5	b/
Other Europe.....	65	297	299	209	1	4	9	2
Total Europe ...	6,290	4,683	2,197	4,514	77	78	63	69
Canada .....	210	262	238	432	2	4	7	7
Japan .....	1,316	719	896	941	16	12	26	14
China .....	296	24	87	422	4	b/	2	6
British India ....	84	148	3	90	1	3	b/	1
Other countries ..	19	140	91	133	b/	3	2	3
Total .....	8,215	5,976	3,512	6,532	100	100	100	100
Egypt								
United Kingdom ...	572	576	559	636	39	32	32	39
France .....	192	235	196	314	13	13	11	19
United States ....	167	38	39	57	11	2	2	3
Germany e/ .....	107	232	222	12	7	13	13	1
Italy .....	99	120	112	97	7	7	6	6
Japan .....	65	89	158	143	4	5	9	9
Switzerland .....	62	78	80	68	4	4	5	4
Spain .....	48	1	18	10	3	b/	1	1
Czechoslovakia....	31	62	44	1	2	3	2	b/
British India ....	25	132	86	118	2	7	5	7
Belgium-Luxemburg.	17	18	19	f/ 14	1	1	1	1
Poland & Danzig ..	13	43	44	3	1	2	3	b/
China .....	5	6	28	38	b/	b/	2	2
Rumania .....	j/	67	52	f/ 33	-	4	3	2
Other countries ..	60	95	106	95	6	7	5	6
Total .....	1,463	1,792	1,763	1,639	100	100	100	100

\*Includes shipments through the free port of Bremen, much of which is afterward shipped to other countries.

Continued -

COTTON: Exports from principal exporting countries,  
average 1923-24 to 1932-33, and annual 1937-38 to 1939-40- Co.

Year ended July 31

Destination of exports from principal exporting countries	Quantity				Percentage of total			
	Average	1937-38	1938-39	1939-40	Average	1937-38	1938-39	1939-40
	1923-24 to 1932-33				1923-24 to 1932-33			
Exports from	1,000	1,000	1,000	1,000				
Brazil to	bales	bales	bales	bales	Percent	Percent	Percent	Percent
United Kingdom..	-	203	229	296	-	18	14	30
Japan .....	-	204	406	219	-	18	25	22
China .....	-	11	214	<u>h/</u> 131	-	1	13	13
Germany .....	-	508	338	70	-	44	21	7
France .....	-	88	177	56	-	8	11	6
Portugal .....	-	30	14	<u>h/</u> 48	-	3	1	5
Netherlands ....	-	21	48	38	-	2	3	4
Italy .....	-	16	76	27	-	1	5	3
Belgium-Luxemburg	-	27	32	22	-	2	2	2
United States ..	-	<u>d/</u>	5	<u>h/</u> 5	-	-	<u>b/</u>	1
Spain .....	-	0	11	3	-	0	1	<u>b/</u>
Poland .....	-	23	31	1	-	2	2	<u>b/</u>
Other countries.	-	16	28	65	-	1	2	7
Total .....	<u>g/</u> 86	1,147	1,609	981	100	100	100	100
Peru to								
United Kingdom..	-	170	168	185	-	57	48	60
Japan .....	-	5	21	35	-	2	6	11
Netherlands ....	-	7	29	19	-	2	8	6
Italy .....	-	3	3	14	-	1	1	5
Chile .....	-	10	9	11	-	3	3	4
France .....	-	8	10	9	-	3	3	3
Belgium .....	-	12	19	9	-	4	5	3
Germany .....	-	81	88	7	-	27	25	2
United States ..	-	<u>d/</u>	<u>d/</u>	6	-	<u>b/</u>	<u>b/</u>	2
China .....	-	<u>d/</u>	1	3	-	<u>b/</u>	<u>b/</u>	1
Other countries.	-	5	3	11	-	1	1	3
Total .....	<u>g/</u> 210	301	351	309	100	100	100	100
Argentina to								
United Kingdom..	<u>i/</u> 37	1	2	36	44	2	2	29
Germany .....	<u>i/</u> 13	39	85	15	15	80	73	12
Spain .....	<u>i/</u> 9	0	0	34	11	0	0	28
France .....	<u>i/</u> 9	0	0	0	10	0	0	0
Belgium .....	<u>i/</u> 7	2	<u>d/</u>	1	8	4	<u>b/</u>	1
Italy .....	<u>i/</u> 6	<u>d/</u>	2	21	6	<u>b/</u>	1	18
China .....	<u>i/</u> <u>j/</u>	<u>j/</u>	<u>j/</u>	5	-	-	-	4
Other countries.	<u>i/</u> 4	7	27	9	6	14	24	8
Total .....	<u>i/</u> 85	49	116	121	100	100	100	100

Continued-

COTTON: Exports from principal exporting countries, average 1923-24 to 1932-33, and annual 1937-38 to 1939-40 - Continued

Destination of exports from principal exporting countries	Year ended July 31							
	Quantity				Percentage of total			
	Average 1923-24 to 1932-33	1937-38	1938-39	1939-40	Average 1923-24 to 1932-33	1937-38	1938-39	1939-40
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Per- cent	Per- cent	Per- cent	Per- cent
Exports from Sudan to								
British India...	j/	76	52	59	-	27	16	40
United Kingdom...	95	154	212	44	96	56	62	30
France.....	3	17	24	24	3	6	7	17
Italy.....	d/	9	11	9	b/	3	3	6
Switzerland.....	j/	4	8	4	-	1	2	3
United States...	j/	3	8	1	-	1	2	b/
Japan.....	j/	1	13	d/	-	b/	4	b/
Poland.....	j/	6	3	d/	-	2	1	b/
Netherlands.....	j/	3	1	0	-	1	b/	0
Germany.....	d/	4	1	0	b/	2	b/	0
Other countries.	1	1	8	6	1	1	3	4
Total.....	99	278	341	147	100	100	100	100

Compiled from official sources.

a/ Bales of 478 pounds net, except for the United States and Peru which are 500 pounds gross. b/ Less than 0.5 percent. c/ Excludes Russia in Asia. d/ Less than 500 bales. e/ Beginning January 1, 1938, includes Austria. f/ Nine months, August-April. g/ Data not available by countries. h/ Eleven months, August-June. i/ Six-year average, 1924-25 to 1929-30. j/ If any, included in "Other countries."

#### SPANISH COTTON-MILL ACTIVITY

SERIOUSLY REDUCED BY LACK OF RAW MATERIAL . . .

Stocks of raw cotton in Spain are almost exhausted, and the Catalan cotton-textile mills are operating at less than half of capacity for lack of raw-material supplies, according to a report from American Vice Consul John D. Jernegan at Barcelona. Factories have been operating on a 2- to 3-day-week basis for some time and at the time of this report (August 13, 1940) a majority of the mills were closed, while a few continued to operate 1 or 2 days a week.

This situation has probably been relieved to some extent by the arrival on August 10 of 9,000 or 10,000 bales of Argentine cotton. No definite information is obtainable regarding the probable shipping dates for the remainder of the 50,000 bales of Argentine cotton purchased by the Spanish Government. More recently, it was reported that 100,000 bales of Brazilian cotton had been purchased and should improve the position of the Spanish industry if transportation difficulties could be overcome. It is also reported that the Spanish Government

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has purchased 15,000 bales of Egyptian cotton, but due to naval war activity in the Mediterranean, no means of shipment has yet been found. In view of the present depleted stock situation in Spain, the early arrival of all purchases mentioned above would be sufficient for less than 6 months' full-time operation.

The Spanish textile industry normally consumes about 400,000 bales of raw cotton annually. Retail demand in the Spanish markets is reported to be relatively high and the industry could absorb normal quantities of imported cotton if necessary credits were available abroad. Uncertainties regarding political developments on the Continent of Europe apparently have served as a restraining factor in the matter of securing such credits. Nearly 300,000 bales of cotton were exported from the United States to Spain in 1939-40, the sales made possible through a loan by the American Import-Export Bank. Receipts of raw cotton at the port of Barcelona during the 3 months April-June 1940, totaled 52,257 bales, nearly 50,000 of which were American and the remainder was Spanish except for 260 bales of Egyptian. No imported cotton was received in July, and total arrivals during the preceding months were less than half of mill requirements for that period.

The Spanish Government encouraged expansion of cotton production in Spain during the past season by the payment of a direct subsidy to growers of 2.5 pesetas per kilogram (about 10.4 cents per pound at current rates of exchange). Annual production averaged about 10,000 bales during and since the Spanish Civil War but the 1939-40 crop was recently estimated at about 16,000 bales. The subsidy is financed by a tax on raw-cotton imports equivalent to 0.21 cent per pound and is administered through the Cotton Control Subcommittee.

Some authorities believe that within a period of 8 to 10 years, Spanish cotton production might be increased to a maximum of 50,000 bales provided additional aid is offered to producers in the form of technical advice derived from experimental cotton growing.

In order to relieve unemployment in the cotton-textile industry the Spanish Government, by a decree of July 13, 1940, established a temporary schedule of unemployment payments to cotton-textile workers. The payments offered by the Government represent 50 percent of a worker's weekly salary if he works less than one day. Payments are authorized on a sliding scale so that combined income from actual work and unemployment payments is never less than 50 percent of a week's salary and may be 91 percent for 5 days' work.

The scheme is being financed by an excise tax on raw-cotton imports, equivalent to about 2 cents per pound. Success of the plan will depend on the extent to which the Government is able to satisfy the industry's raw-cotton requirements by importations.

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## COTTON STATISTICS . . .

COTTON: Spot prices per pound of representative raw cotton at Liverpool, September 25, 1940, with comparisons

Description	1940							
	August				September			
	16	23	30	6	13	20	25	a/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
<u>American</u> -								
Middling.....	13.74	13.72	13.80	13.97	13.94	14.09	14.79	
Low Middling .....	13.23	13.22	13.30	13.47	13.27	13.42	14.12	
<u>Egyptian</u> (Fully Good Fair) -								
Giza 7 .....	21.35	21.53	22.42	23.19	21.89	22.29	22.22	
Uppers .....	21.01	20.71	21.32	21.68	20.66	20.95	21.92	
<u>Brazilian</u> (Fair) -								
North .....	12.81	12.80	12.96	12.96	12.93	13.08	13.70	
Sao Paulo .....	13.32	13.30	13.47	13.47	13.43	13.58	14.20	
<u>Indian</u> -								
Broach (Fully Good) - .....	10.35	10.23	10.30	10.48	10.36	10.53	11.17	
Central Provinces (Superfine)-	10.90	10.78	12.53	12.71	12.59	12.86	13.50	
Oomra No. 1 (Fine)- .....	9.95	9.83	9.89	10.08	9.96	10.23	10.87	
Sind (Fine) - .....	11.02	10.90	-	-	-	-	-	
<u>Peruvian</u> (Good) - Tanguis .....	16.17	16.15	-	-	-	-	-	

Compiled from the Weekly Circular of the Liverpool Cotton Association, Ltd. and the New York Cotton Exchange Daily Report. Quotations converted from sterling at official rates. a/ Wednesday's price. Exchange closed from September 26 to September 30, inclusive.

UNITED STATES: Exports of cotton to principal foreign markets, annual 1938-39 and 1939-40, and August 1 to September 26, 1939, 1940 a/.

(Running bales)

Country to which exported	Year ended July 31		Aug. 1 to Sept. 26	
	1938-39	1939-40	1939	1940
	1,000 bales	1,000 bales	1,000 bales	1,000 bales
United Kingdom.....	478	2,019	336	96
Continental Europe.....	1,792	2,478	373	1
Total Europe .....	2,270	4,497	709	97
Japan .....	905	960	68	15
Other countries .....	393	990	38	17
Total .....	3,568	6,447	815	129
Linters.....	215	0	63	10
Total, excluding linters:	3,353	6,447	752	119

Compiled from Weekly Stock and Movement Report, New York Cotton Exchange.  
a/ Includes linters.

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T O B A C C O

**CANADIAN TOBACCO CROP  
AGAIN SUFFERS FROM FROST . . .**

A second frost in the Ontario Province of Canada, which occurred on September 26, destroyed practically all unharvested flue-cured tobacco, or between 3 and 4 million pounds, according to a telegram from the American Legation at Ottawa. A frost on August 23 destroyed a large part of the crop, and an official estimate at the time indicated that the crop for all Canada, on an acreage about 30 percent below 1939, would be approximately 37.2 million pounds (see Foreign Crops and Markets of September 9) as compared with a revised estimate of the record 1939 crop of 79.7 million pounds. The official estimate of 1940 production was subsequently revised to 28 million pounds, which roughly agrees with early private estimates indicating a production between 25 and 30 million pounds. The recent damage will reduce the latest official estimate to about 24.5 million pounds, and the private estimates to between 21 and 27 million pounds.

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**SPANISH GOVERNMENT AUTHORIZES TOBACCO  
ACREAGE INCREASE OF 300 PERCENT . . .**

The Spanish Government on August 9, 1940, announced that the maximum area that could be planted to tobacco in 1940 would be 33,157 acres, which is more than three times the average of 10,392 acres planted during the 5 years ended with the outbreak of the country's civil war in 1936. The 1941 authorized area comprises 26,455 acres to be allotted to dark Kentucky types, 5,512 acres to burley, 1,102 acres to cigar leaf, and 88 acres to flue-cured to be grown as an experiment, according to reports reaching the Office of Foreign Agricultural Relations. Growers who have produced tobacco during previous seasons are required to obtain their permits for 1941 prior to October 31, 1940. Seed of the types desired is to be distributed free, and the utilization of home-grown seed is prohibited except under special permit. Planting of a maximum acreage is encouraged, as average prices to be paid for the 1941 production are higher than those for the 1939 and 1940 crops, and are far above prices during preceding years.

SPAIN: Range in tobacco prices per pound announced by the  
Spanish Government for leaf from the 1941 crop

Type	Leaf		Scrap, stems, dust, etc.	
	Highest quality	Lowest quality	Highest quality	Lowest quality
	Cents	Cents	Cents	Cents
Dark air- and fire-cured.	29.0	10.4	6.2	2.1
Light air-cured.....	35.2	14.5	8.3	3.1
Cigar types.....	37.3	18.6	10.4	5.2

Direction of Tobacco Service, Spanish Ministry of Agriculture.

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If the maximum 1941 acreage is planted and average yields are obtained, the crop will yield near 50 million pounds as compared with about 10 million pounds in recent years and an average of 16 million pounds for the 5 years ended with 1936. A production of 50 million pounds would supply most of the requirements for domestic consumption, estimated in recent years at about 55 million pounds, and would largely eliminate imports from the United States and other sources of supply.

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#### CHINA CIGARETTE TAXES INCREASED . . .

National cigarette taxes in China, which were first put into effect in 1923, have again been increased. This is the seventh increase in the taxes, and is the first since the Japanese occupied a large part of the country, according to a radiogram from American Agricultural Attaché Owen L. Dawson at Shanghai. The progressive increase in the taxes has been one of the major factors in causing manufacturers in China to shift from the use of American leaf to cheap Chinese leaf, and it is anticipated that the recent increase will again curtail the use of American. The tax increases include separate rates for northern China, the Shanghai area including Kiangsu, Chekiang, and Anhwei Provinces, and free China or the portion of the country still under the control of the Chungking Government. The increases for the Shanghai area, which now comprises the outlet for most of the cigarettes containing American leaf, range from 25 percent to over 50 percent. Cigarette manufacturers have made protest against the increases, as they are already operating near a cost basis and under present circumstances cannot obtain ample supplies of cheap Chinese leaf to substitute for American.

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#### SUMATRA PLANTERS PLAN TO HOLD LEAF SALES IN THE UNITED STATES . . . . .

The Sumatra Tobacco Estate Companies now plan to hold sales of American grades of the 1940 Sumatra cigar-wrapper crop in the United States. If the proposal is carried out, the leaf will be shipped to the United States immediately following curing, the first consignments probably arriving in November or December, and plans will be made for holding auctions or otherwise disposing of the leaf, according to American Consul John B. Ketcham at Medan. The 1940 Sumatra crop, which is now in the process of curing, is of better quality than was previously expected, and it is estimated that over 2 million pounds of the 27-million-pound total will be suitable for the American market. Imports of the leaf into the United States during the 5 years 1935 through 1939 averaged 1.9 million pounds, and imports during the 8 months, January through August 1940, totaled 1.4 million pounds.

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F R U I T S, V E G E T A B L E S, A N D N U T S

## TURKISH RAISIN CROP

MUCH SMALLER THIS YEAR . . .

The preliminary forecast of the 1940 Turkish raisin production is 33,000 short tons as compared with an estimated production of 81,000 tons in 1939 and 82,000 in 1938. The forecast is likewise considerably smaller than the 5-year average (1934-1938) of 68,400 tons and the 10-year average (1929-1938) of 60,500 tons. Growing conditions early in the season indicated a crop nearly twice this forecast. The weather during the summer was not as beneficial to the development of the crop as had been expected. Rains in early September are reported to have caused considerable damage to both quality and quantity.

The present outlook for the new crop, as well as the estimated carry-over of 11,000 short tons, is rather uncertain. It has been reported that a treaty between Germany and Turkey included a commitment on the part of Germany to purchase 4,400 short tons. The prices asked by exporters appear to be somewhat higher than Germany is willing to pay, and transportation difficulties, also have hindered sales.

It has been rumored that the British are considering purchasing Turkish raisins and storing them in Turkey until such time as they can be moved. In this connection, the British agreed to take a large percentage of the 1939 harvest at the beginning of the 1939-40 marketing season. Export data from Turkey and British import data are not available, but, judging from the apparent disposal of Turkish raisins, Britain did take a large part of the exports. The supplies on hand at the start of the 1939-40 marketing season were 81,000 tons, and with the estimated carry-over into 1940-41 of 11,000 tons it would appear that 70,000 tons had been sold. During normal times relatively small quantities are consumed domestically, and it is assumed that most of the above quantity was sold abroad.

## PALESTINE CITRUS EXPORTS

REDUCED 50 PERCENT IN 1939-40 <sup>1/</sup> . . .

Exports of citrus fruit from Palestine during the 1939-40 season, November to June, amounted to 7,591,000 cases or about 50 percent of the record exports during the 1938-39 season, according to a report from American Consul Albert W. Scott at Jerusalem. Of the total, oranges accounted for 35 percent, grapefruit for 13 percent, and lemons for the remainder. The principal difficulty that faced the Jaffa citrus industry during the

<sup>1/</sup> For previous reports, see issues of February 10, June 15, and August 5.

season was the shortage of shipping space. This factor, together with reduced demand for citrus in many markets and the impossibility of moving fruit to certain countries, was chiefly responsible for the decline in exports.

PALESTINE: Exports of citrus fruit,  
1937-38 to 1939-40

Fruit	1937-38	1938-39	1939-40
	<u>1,000 boxes</u>	<u>1,000 boxes</u>	<u>1,000 boxes</u>
Oranges.....	9,573	13,055	6,450
Grapefruit.....	1,791	2,067	987
Lemons.....	77	142	154
Total.....	11,441	15,264	7,591

Compiled from official sources.

The United Kingdom was, as usual, the principal market for Palestine citrus exports, accounting for 67 percent of the total, followed by the Netherlands with 13 percent and Belgium with 7 percent. From a quantity point of view, the sharpest decline in exports occurred in these three countries, followed by Sweden, Poland, and France. Only Switzerland took a larger volume of citrus during the season than in the previous one.

PALESTINE: Exports of citrus fruit, by principal countries,  
1938-39 and 1939-40

Country of destination	1938-39	1939-40	Increase (+) or decrease (-)
	<u>1,000 boxes</u>	<u>1,000 boxes</u>	<u>1,000 boxes</u>
United Kingdom.....	8,988	5,057	-3,931
Netherlands.....	1,613	950	-663
Belgium.....	1,132	497	-635
Sweden.....	857	282	-575
France.....	596	109	-487
Poland.....	494	0	-494
Norway.....	393	49	-344
Rumania.....	311	184	-127
Finland.....	149	1	-148
Switzerland.....	123	129	+6
Germany.....	115	0	-115
Czechoslovakia.....	112	0	-112
Other countries.....	427	338	-89
Total.....	a/ 15,310	b/ 7,596	-7,714

Compiled from official sources.

a/ Includes 46,000 boxes of citrus other than oranges, grapefruit, and lemons. b/ Includes 5,000 boxes of other citrus.

Prior to the outbreak of war, the financial condition of the Palestine citrus industry was unsatisfactory, chiefly because production and exports during the previous seasons were expanding to volumes that

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were too large for overseas markets to absorb at satisfactory prices. During the 1939-40 marketing season the position of growers became considerably worse. Not only was the volume of exports curtailed because of a shortage of shipping space, but prices obtained on exports were insufficient to cover production costs together with higher charges for freight, insurance, and other items.

Preliminary reports on prices that have been received this season indicate that in the United Kingdom, prices for oranges ranged between 16 shillings (\$3.22) and 7s.6d. (\$1.51) per box for fruit in salable condition. Including wartime increases in costs, marketing costs have been calculated at between 12s. (\$2.41) and 13s. (\$2.61) per box, while the cost of production before picking is estimated at 2s. (40 cents) per box. The total-cost figure of between 14s. (\$2.82) and 15s. (\$3.02) per box is considerably above the returns that were received on a large portion of fruit actually exported. In many instances, in fact, salable fruit did not return to growers enough for freight, customs, and selling costs, much less enough for production, packing, and transportation costs to the port of export. Further, many shipments were a total loss, either because of wartime delays in transportation or because vessels were used that were unsuitable for shipping citrus.

Freight rates to the United Kingdom were around 1s.6d. (30 cents) per box in 1938-39. In November, rates rose to 4s. (81 cents) and by January reached 4s.6d. (91 cents) on British liners. Scandinavian steamers, which formerly carried the bulk of citrus exports, withdrew from this trade because of war risk and other factors. As a means of avoiding excessively high rates, Palestine shippers chartered some old steamers that were not very well suited to transporting citrus fruit. During the early part of the season, fruit on these ships landed in comparatively good condition, but January and February shipments landed in poor condition, with a large percentage of waste fruit. These ships were then discarded, and, with the aid of the British Colonial office, sailings for 9 refrigerated ships were arranged. Nonrefrigerated Scandinavian ships were used late in the season at a rate of 5s.6d. (\$1.11) to 6s.6d. (\$1.31) per box. Experiments were made with combined sea and land transportation to the United Kingdom via French and Italian ports. Freights averaged 6s. 6d. (\$1.31) per box and about 50 percent of the landed fruit was damaged.

Toward the end of the season, the financial condition of growers became more serious and they were unable to obtain further advances from local banks. Consequently, on April 15, the High Commissioner announced that the Government had decided to arrange for the guarantee, under certain conditions, of loans made to citrus growers for cultivation expenses. An agreement with the 4 principal banks that were to make the advances subject to the Government guarantee was subsequently announced. A number of advances under this scheme have been made in cases that have already been approved, but the extension of hostilities into the Mediterranean area has delayed the program considerably.

Announcement of the establishment of a Citrus Control Board was made in the official Palestine Gazette of July 25, 1940. This Board is empowered to "control generally all matters affecting the citrus industry up to and including export (of the fruit)." Its powers include (1) control of areas under citrus cultivation; (2) control of handling and packing of the fruit; (3) inspection of fruit intended for export; (4) full powers over contracts made for transporting fruit from Palestine; and (5) provision for advertising citrus in the domestic and foreign markets. The Board will consist of three official members appointed by the High Commissioner, and eight producer members representing citrus growers to be appointed by the Commissioner. All producer members are appointed for 4 years, but two members are to retire each year.

Italy's entrance into the war has virtually closed shipping through the Mediterranean to Palestine ports and prospects for the 1940-41 season now appear even more unfavorable than they were during the past season. With the Mediterranean closed, it is felt that only a very small portion of the export crop can be shipped. Consequently, the work of the new Citrus Control Board promises, for the time being, to be confined chiefly to the regulation of relief measures designed to maintain cultivation and otherwise conserve groves until normal exports can be resumed.

#### HAITIAN BANANA EXPORTS DOWN . . .

Exports of bananas from Haiti to the United States during the current year (October-August) totaled 1,803,119 bunches or around 46,000 bunches less than the movement during 1938-39. Haiti is a minor supplier of bananas to the United States, accounting for 2,030,000 bunches or less than 4 percent of total imports in 1939.

HAITI: Exports of bananas, by months, October-August,  
1938-39 and 1939-40

Month	1938-39	1939-40	Month	1938-39	1939-40
	1,000 bunches	1,000 bunches		1,000 bunches	1,000 bunches
October . . . . .	122	134	April . . . . .	177	154
November . . . . .	145	142	May . . . . .	233	194
December . . . . .	141	129	June . . . . .	194	217
January . . . . .	113	135	July . . . . .	188	286
February . . . . .	141	97	August . . . . .	193	a/ 199
March . . . . .	203	126	Total . . . . .	1,850	1,803

Compiled from official sources.

a/ August 1-19 only.

CANADIAN FRUIT AND VEGETABLE  
DUTY VALUATION . . . . .CANADA: Record of seasonal advanced valuation for calculating duty  
on imports of fruits and vegetables, 1940-41 a/

Commodity	: Advanced : : valuation :	Date : : established :	Date : : canceled :	Region affected
	: Cents : : per pound :			
Beets .....	0.8	: July 25	:	: Maritime Provinces
Cabbage .....	0.8	: June 12	: Aug. 20	: Western Canada
		: June 20	: July 20	: Maritime Provinces
Cantaloupes )	1.25	: July 18	: Sept. 12	: Western Canada
and muskmelons)...		: July 24	: Sept. 18	: Ontario-Quebec
		: Aug. 13	:	: Maritime Provinces
Carrots .....	0.8	: June 8	: July 20	: Ontario-Quebec
		: June 15	: July 29	: Western Canada
		: Aug. 13	:	: Maritime Provinces
Cauliflower .....	1.5	: Aug. 13	:	: Maritime Provinces
		: June 15	:	: Western Canada
Celery .....	0.8	: July 28	:	: Maritime Provinces
		: Aug. 1	:	: Ontario-Quebec
Cucumbers .....	2.0	: April 27	: Sept. 14	: Maritime Provinces
		: June 15	:	: Western Canada
		: -	: Aug. 20	: Ontario-Quebec
Green beans .....	1.5	: July 25	:	: Maritime Provinces
		: June 27	:	: Ontario-Quebec
		: -	: Sept. 21	: Western Canada
Green peas .....	2.0	: June 8	: Aug. 31	: Ontario-Quebec
		: June 11	: Sept. 3	: Western Canada
		: July 25	: Aug. 21	: Maritime Provinces
Lettuce .....	0.8	: May 23	: Sept. 26	: Western Canada
		: July 25	:	: Maritime Provinces
Peaches .....	1.4	: July 18	: Sept. 19	: Western Canada
		: Aug. 1	:	: Ontario-Quebec
		: Sept. 19	:	: Maritime Provinces
Pears .....	1.0	: Aug. 20	:	: Ontario-Quebec
		: Sept. 19	:	: Maritime Provinces
		: July 26	:	: Western Canada
Plums .....	1.0	: July 16	: Sept. 24	: Western Canada
		: Aug. 1	:	: Ontario-Quebec
		: Aug. 13	:	: Maritime Provinces
Prunes .....	1.0	: Aug. 8	:	: Western Canada
		:	:	:

Compiled from reports of the Department of National Revenue, Canada.  
Western Canada includes the Provinces of British Columbia, Alberta,  
 Saskatchewan, and Manitoba. The Maritime Provinces include Nova Scotia,  
 New Brunswick, and Prince Edwards Island.

a/ For previous report, see issue of September 30, page 462.

L I V E S T O C K   A N D   A N I M A L   P R O D U C T S

## BRAZILIAN MEAT EXPORTS

## LARGER IN EARLY 1940 . . .

Brazilian meat exports were larger in the early part of 1940 than in the corresponding period of 1939, according to indications received in the Office of Foreign Agricultural Relations. Comparable trade figures are not available, but, according to Brazilian official records, total meat exports, including lard, in the first quarter of 1940 represented more than 50 percent of the exports for the entire year 1939.

The 1940 exports to the United Kingdom, the leading market, were 60 percent of the 1939 total, while current exports to Germany, Italy, and Spain represented about 62 percent of the total 1939 figure for those countries. Lard exports were outstanding in the trade with Germany. The 1940 meat exports to the United States, chiefly canned beef, are placed at about 13 percent of the total for 1939. United States statistics record the Brazilian canned beef imports in the first 8 months of 1940 at 15 million pounds (actual weight) against 9 million pounds in the corresponding months of 1939. Brazil now ranks next after Argentina as a supplier of canned beef to the United States. Canned-beef imports from all sources in the period January-August 1940 totaled 46,782,000 pounds, compared with 56,600,000 pounds in the comparable period of 1939.

Brazil has the largest number of cattle and hogs of any country in the Southern Hemisphere, and is relatively sparsely populated. So far, however, it has averaged only fifth among those countries as a beef exporter and even lower as a pork-exporting country. Two of the most important reasons for the relatively small meat exports from Brazil are the high level of domestic per capita consumption and the lack of uniformity in the types and breeds of cattle and hogs, according to Agricultural Attaché E. P. Keeler at Rio de Janeiro. This makes it difficult to build up an export trade with countries requiring meat of uniform quality. Furthermore, the industry is scattered over a wide area, and transportation facilities are limited in the interior of the country.

Beef and cattle

Beef exports of all kinds in the first quarter of 1940 were nearly half as large as the total figure for all of 1939, according to the Brazilian official figures. Of the 1940 exports, amounting to 79,000,000 pounds, 60 percent went to the United Kingdom. Beef exports to Germany, Italy, and Spain in the 1940 period, amounting to about 2,300,000 pounds, were chiefly frozen beef, and were in line with the beef exports for the comparable 1939 period. Total beef exports to all countries in 1939 were 22 percent larger than the total for 1938.

BRAZIL: Exports of frozen, chilled, and unspecified beef,  
annual 1935-1939, January-March 1940

Classification and country	1935	1936	1937	1938	1939	Jan.-Mar. 1940
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
<u>Frozen and chilled beef</u>						
United Kingdom.....	50	51	56	55	63	29
France.....	1	4	15	8	15	17
Belgium.....	3	5	5	5	5	3
Italy.....	33	43	10	8	8	2
Spain.....	0	0	39	5	a/	0
Uruguay.....	16	11	8	5	0	0
Others.....	1	4	7	9	5	1
Total frozen and chilled.....	104	118	140	95	96	52
<u>Unspecified beef (canned, etc.)</u>						
United States.....	4	2	15	28	43	6
Uruguay b/.....	17	25	25	6	0	0
United Kingdom.....	5	3	3	3	24	19
Others.....	5	7	6	9	4	2
Total unspecified..	31	44	49	46	76	27
Total beef.....	135	162	189	141	172	79

Information furnished by Agricultural Attaché E. P. Keeler.

a/ Less than 500,000 pounds.

b/ Presumably transit shipments for reexport from Uruguay.

Available statistics on cattle numbers and slaughter in Brazil suggest that the country may have a substantial reserve that would fall into the continental-freezer, domestic-consumption, and canner categories, according to Mr. Keeler. Recent packing-house demand for cattle to fill European orders for beef, however, have contributed to substantial increases in cattle prices, and the price increases suggest that cattle of desirable grade and type are limited.

Cattle numbers in Brazil were officially estimated at 42,600,000 in 1933, according to Mr. Keeler. Regular official annual estimates for the country as a whole are not made, but this number may be compared with an estimate of 40,900,000 in 1937, and 40,500,000 in 1935. Cattle numbers were enumerated at 34 million head at the 1920 census.

The most important Brazilian cattle States are Minas Geraes with 10,915,000 head, Rio Grande do Sul with 9,738,000, and Sao Paulo with 5,485,000. Mato Grosso, Goyas, and Bahia each have between 3 million and 3.5 million. Annual slaughter in federally inspected and municipal

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establishments is in the neighborhood of 4.5 million to 5 million. Data on farm or ranch kill or livestock losses are unavailable, but these are believed to be fairly large.

Practically all of the packing for export is done in the States of Rio Grande do Sul and Sao Paulo, the plants in the former State drawing cattle from that State and to some extent from Uruguay, and the establishments in Sao Paulo obtaining the cattle supplies from the grazing areas of Matto Grosso, Goyas, Minas Geraes, and sometimes as far north as Bahia.

Cattle are finished principally on natural pasture and are slaughtered when over 3 years of age. Both finish and weight are uneven, taking the country as a whole. Much of the beef for domestic consumption is prepared as dried or jerked beef (xarque). The slaughter season runs from January to June in Rio Grande do Sul and from February-March to August-September in Sao Paulo. English breeds, particularly Herefords, are found in important numbers only in southern Rio Grande do Sul, geographically an extension of the Uruguayan range country. Most of the cattle are of native or "creole" breed and "Zebu-creole" crosses.

As the cattle industry is geared primarily to domestic requirements and as purchasing power on the whole prohibits paying a premium for superior grades, improvement in herds is slow. As purchasing power rises, especially in the large cities, however, the demand for better cuts of fresh beef increases. Government agencies and the packing houses, as well as a number of progressive breeders are encouraging herd improvement.

#### Pork and hogs

The heavy increase in lard exports early this year brought figures for the January-March period up to 10,000,000 pounds, only 2,000,000 pounds under the lard exports for all of 1939. Most of the 1939 and 1940 exports were shipped to Germany, according to Brazilian official records. The early 1940 exports of frozen and cured pork also reached 10,000,000 pounds, or 80 percent of the total 1939 figure. About three-fourths went to the United Kingdom, principally in the form of frozen pork. Most of the cured pork went to Germany.

Hog numbers were officially estimated at 24,075,000 head in 1938, which compared with an estimate of approximately 25,000,000 head in 1937, 23,000,000 in 1935, and 16,000,000 at the time of the 1920 census. Slaughter in federally inspected abattoirs and in municipal slaughter houses totals less than 4 million head annually. The upward trend in slaughter is primarily a result of regulations designed to bring a larger proportion of the slaughter under inspection.

As in the case of cattle, Minas Geraes is the largest hog producing State of Brazil. About 80 percent of the total of 24 million

head are found in the States of Rio Grande do Sul, Minas Geraes, Sao Paulo, Paraná, Goyas, and Santa Catherina. A small, fine-boned, chunky, lard-type animal, known locally as the "Macao," brought originally from Portuguese Macao, predominates in the Brazilian hog industry. There are also some larger hogs resembling the Duroc Jersey.

Lard has for a number of years constituted the bulk of the exports of hog products from Brazil. Increased competition from domestic vegetable oils, particularly cottonseed oil, is said to have cut down domestic consumption and prices of lard, thus making available even a larger volume for shipment abroad, even though export prices have not been particularly remunerative.

There has been an increasing demand from domestic and foreign markets for fresh and cured pork and some hog buyers are expecting a gradual shift from the lard type of hog to the meat type. The industry is mainly in the hands of small farmers, however, and generally not much attention appears to be paid to selection and scientific feeding practices.

**BRAZIL: Exports of frozen and cured pork and lard,**  
annual 1935-1939, January-March 1940

Classification and country	1935	1936	1937	1938	1939	Jan.-Mar. 1940
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
<b>Frozen pork</b>						
United Kingdom .....	2	1	1	2	2	7
France .....	0	0	1	1	a/	0
Others .....	a/	a/	a/	1	a/	a/
Total frozen .....	2	1	2	4	2	7
<b>Cured, salt, pickled, and unspecified</b>						
United Kingdom .....	a/	0	1	1	3	1
Germany .....	0	0	0	0	2	1
Sweden .....	a/	0	1	3	4	1
Others .....	1	a/	1	1	2	1
Total cured, salt, pickled .....	1	a/	3	5	11	4
Total pork .....	3	1	5	9	13	11
<b>Lard</b>						
United Kingdom .....	30	13	1	1	1	0
Germany .....	a/	5	0	2	11	10
Others .....	a/	a/	a/	a/	a/	a/
Total lard .....	30	18	1	3	12	10
Total pork and lard	33	19	6	12	25	21

Compiled from information submitted by Agricultural Attaché E.P. Keeler.  
a/ Less than 500,000 pounds.

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G E N E R A L   A N D   M I S C E L L A N E O U S

REVIEW OF THE FOOD AND FEED SITUATION  
IN CONTINENTAL EUROPE, 1940-41 . . .

It must be obvious that any attempt to appraise with accuracy the food and feed situation of Europe at this time is beset with more than usual difficulty. With the advent of war, the publication of many of the customary reports on crop areas and production was suppressed. Data on stocks of essential food commodities in many instances came to be treated as military information and to be guarded accordingly. Difficulties of communication have added to the problem. Nevertheless, within these limitations, it has seemed possible to reach certain fairly acceptable conclusions as to the situation. Those that follow are based upon an analysis of official data on production, imports, exports, and consumption for a number of years past, against which available information of a current nature has been tested and interpreted. This statement supplements and, in the light of later information, modifies in some particulars earlier statements of food and feed prospects in Central Europe. The analysis presupposes a continuation of the British blockade; termination of the blockade or other major developments of a political or economic nature would alter the picture.

Summary of main conclusions

Although continental Europe as a whole does not face famine this winter, the food situation in certain areas is definitely precarious. There will be marked or stringent shortages in Belgium and France (unoccupied, as well as the German-occupied part), and particularly in the so-called "Government General" of Poland (German occupied). Denmark and the Netherlands will likely have sufficient livestock products, but as heavy importers of bread grains normally, they may face an acute shortage of these cereals before the 1941 harvest.

In Germany, Austria, and probably former Czechoslovakia, the food-supply situation in general is not likely to become serious during 1940-41, although the "normal consumer" ration applicable to a large share of the German Reich's population is substantially below the normal consumption level. Italy, Sweden, Switzerland, and the Danubian countries, while experiencing shortages in certain commodities in varying degree, are also unlikely to undergo serious or critical food deficiencies in 1940-41. The food situation in Spain is not likely to improve over that of last year, when widespread shortages prevailed. Virtually normal food supplies obtain in Portugal.

Soviet Russia, including its territorial acquisitions in Europe in 1939-40, is not expected to supply significant quantities of food and

feed to continental Europe during 1940-41, and consequently is excluded from the present analysis except where specifically mentioned.

Farm output and supplies in 1940 - The 1940 farm output in continental Europe as a whole was definitely below normal. This was due to the unusually severe winter and late spring, military mobilization of millions of peasants, shortage of draft animals on account of military needs, shortage of motor oils for farm tractors, transportation difficulties affecting shipments of fertilizer and other farm requirements, and military damage to crops in certain invaded areas. The shortage of imported feed and feed concentrates, owing to the blockade, adversely affected the dairy output and the whole livestock industry.

The bread-grain outturn in 1940 was below the normal average. Germany, in view of the reserve stocks on hand, will be able to maintain the present bread rations during 1940-41, but several other countries dependent on overseas imports for a large share of requirements, such as Belgium and Denmark, will likely experience grave bread-supply difficulties. France, although ordinarily almost self-sufficient in bread grains, has already fixed a low bread ration. The decline in the 1940 feed-grain crop was comparatively smaller than that of bread grains.

In Central Europe, the potato and sugar-beet crops are favorable, whereas in Belgium and France, the potato crop is much below average. Germany will probably have a normal supply of beet sugar, but in several European countries, sugar consumption will be heavily curtailed in line with existing ration restrictions.

Although shortages of feed supplies will result in lighter weights of meat animals, forced slaughter of livestock in Denmark, the Netherlands, Belgium, and certain other countries largely dependent on imported feedstuffs, will tend to keep the meat supply of continental Europe at about normal. Distribution, however, will be far from proportionate or adequate among the various countries. In view of Germany's acquisition of a large share of this surplus slaughter in the German-occupied areas, the Reich will probably be able to maintain its meat rations during 1940-41 at their existing level. Some surplus slaughtering, even in Germany, is likely to occur as a result of reduced feed supplies.

Edible fats and oils are the most vulnerable sector in the European food-supply situation. This applies particularly to the German Reich, where the so-called "fat gap" has received a great deal of official attention in recent years. While the acquisition of Danish and Netherland butter stocks helped the German fat situation temporarily during the past summer, it is possible that the present fat rations cannot be maintained throughout the remainder of the year ending June 30, 1941. In several other European countries, fat consumption has been drastically reduced.

through rationing. Supplies of fats and oils in continental Europe, normally dependent to a large extent on raw materials imported from overseas, will probably be at least 25 percent below the customary level.

Fruit production was below average in most of continental Europe during 1940, and existing supplies of canned and dried fruit are considered to be materially below normal. Information regarding the 1940 vegetable output is fragmentary; the acreage in Germany was substantially increased, but production in the invaded areas of continental Europe was no doubt adversely affected. Taking fruits and vegetables together, it is considered likely that the diet in most of continental Europe will be more deficient than usual in vitamins and minerals. This, coupled with the heavy drop in consumption of fluid milk and other "protective" foods, means that the remainder of the available diet will not be as effectively utilized as in peacetime.

The feedstuffs situation - Continental Europe is normally a heavy importer from overseas of feed concentrates, and particularly of oilseeds, from which the residue after processing is used as high-protein feed, especially for dairy cows. Large quantities of corn and other feed grains are also customarily imported. The livestock industries of Denmark, the Netherlands, and Belgium were largely dependent on feedstuffs imported from overseas. Maintenance of the British blockade precludes such overseas imports.

The situation necessitates a heavy, in some cases drastic, reduction of livestock numbers, such as hogs, cattle, and poultry, in Denmark, the Netherlands, and Belgium. Heavily reduced dairy and egg output will result, although the slaughter of livestock owing to the feed shortage will yield temporarily increased meat and poultry supplies. Livestock in wartime is regarded as a most valuable food reserve "on the hoof," and to the extent that livestock numbers are depleted, the potential meat supply in succeeding years will be jeopardized. The decline in continental Europe's 1940 crop of bread grains is a further unfavorable factor in the general feedstuffs situation.

In Germany about 1,000,000 metric tons of oil-cake residue from imported oilseeds (after these have been processed for the oil content) are ordinarily fed each year, largely to dairy cows. This is an important factor in Germany's milk and butter output. Cessation of these imports from overseas since the outbreak of the present war has resulted in a reduction of Germany's milk production.

Equitable food distribution highly improbable - Germany, by virtue of its dominant position in continental Europe, holds the key position in the distribution of the total available foodstuffs among the various countries, particularly the countries occupied by the military forces of the Reich. Apparently no significant supplies of foodstuffs have thus far moved through Germany into Western Europe. On the contrary, it is reported

that considerable quantities of food and livestock supplies in the occupied areas have been taken over by the German authorities, of which, in turn, indeterminate quantities have been sent to the Reich proper.

Notwithstanding the reduced 1940 output and the existing blockade against customary imports from overseas, the general European food outlook would not be so distinctly unfavorable provided that an equitable distribution among the various countries of total available supplies were anticipated. In the light of all the information thus far available, however, it seems highly improbable that this kind of distribution between countries will actually be made during 1940-41.

#### Basic Requirements and Supplies in Recent Years

For the purpose of this study, continental Europe may be regarded as comprising three major regions. Of these, one, covering the Danubian Basin and parts of eastern Europe reaching to the Baltic, is a surplus producer. A second, central Europe, is highly industrialized and dependent on imports to a significant extent. Except for fats and oils, the surplus of the eastern and southeastern regions is normally about sufficient to cover the deficit of central Europe and Italy - the countries now described as the Axis powers. The third region embraces northern and western Europe. On balance, it is also an important deficit area, largely dependent on imports from overseas for its bread grains and feedstuffs. The latter are used for the production of dairy and other livestock products, important quantities of which are normally exported to the United Kingdom.

Continental Europe's dependence on food and feed supplies from overseas had shown a measurable reduction in the decade before the outbreak of war in 1939. This was largely due to an expansion in domestic agricultural production on the Continent. In the case of some commodities and countries, restriction of consumption also played a part. Despite this reduced dependence on foreign supplies of food and feed, the Continent still had to cover by importation from overseas very considerable deficits in regard to some essential requirements.

Most outstanding among the basic deficits that exist are fats and oils. It may be estimated that over a period of 4 or 5 representative years before the outbreak of war, the Continent, taken as a whole, had to cover about one-third of its total requirements of fats by imports from overseas countries. Within these total fat requirements, the Continent in recent years has been self-sufficient in respect to animal fats; in fact, there has been a continental export surplus of butter, largely in Denmark and the Netherlands, which these countries formerly shipped to United Kingdom markets. This surplus, however, was largely produced from imported supplies of feed concentrates.

The pre-war deficit in fats and oils, except for small lard imports from overseas, was almost exclusively met by importation of oilseeds for

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oil extraction in continental crushing mills, largely for manufacture of margarine and cooking fats. These imports, at the same time, yielded large quantities of oil cakes used as a protein feed for dairy cattle in certain parts of Europe. While a relatively small item in the total feed supply of the continental livestock industry, these feed concentrates are of great importance to the intensive dairy-farming industries of the Scandinavian countries, the Low Countries, and parts of Germany and France.

There are other feed supplies regarding which the Continent of Europe depends on substantial imports from overseas as well. About 8 percent of the Continent's net consumption of feed grains <sup>1/</sup> in the years immediately preceding the war was covered by such imports. Under feed grains is included corn, which, over large areas of southern and south-eastern Europe, is used as human food as well. Again the deficit in feed grains is not a large item in the total feed supply for the Continent's livestock industry. But in some countries, such as the Netherlands, Belgium, and Norway, the share of imports in total feeding of grains, at least, is very large - one-half to three-quarters in the Low Countries, and from one-quarter to one-half in Norway. In Germany, feeding of imported grains amounted to around 10 percent of total grain feeding in recent years. These import supplies, mostly of barley and corn, constituted an integral part of the feed basis of the hog industry in northwestern Europe. Poultry and egg production in these regions are also largely dependent on the availability of imported grain supplies. Of the feed-grain import requirements of the continental deficit regions, the Danubian surplus countries supplied only between one-fourth and one-third over a period of years preceding the war, while most of the remaining deficit was filled by imports from overseas.

Apart from these sectors of the continental livestock industry - that is to say, dairy production in the intensive dairy-farming districts of Scandinavia, in the Low Countries, and in parts of Central Europe and France; hogs and pork products, and poultry and eggs in northwestern and parts of Central Europe - continental European production of livestock products is maintained on a domestic-feed basis, and the outturn of the domestic crops determines the volume of production. In this connection it may be mentioned that the yield of the potato crops in Central Europe is a decisive factor for the hog industry there.

As regards consumption of meat and eggs, the Continent is virtually self-sufficient on the basis of its own production. Negligible imports of beef from overseas have been more than balanced by a net export of bacon and ham, as well as eggs, notably to the United Kingdom. This trade was largely conducted by Denmark, followed by the Netherlands, Poland, and Sweden. In considering the supply position on the Continent in regard to

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<sup>1/</sup> Net consumption or net requirements to mean total disappearance less requirements for seed and normal loss. These two items are estimated to amount to roughly 12 percent of the grain crops.

meat and eggs (as also for dairy products) it must always be borne in mind, however, that the existing self-sufficiency and export surpluses have in some regions and for some products been contingent upon feed supplies imported from overseas - as has been indicated above.

As regards other food supplies for direct human consumption, the European Continent in recent years has produced from 93 to 95 percent of its net requirements in bread grains, and all of its potato requirements. About half of the Continent's consumption of rice has usually been filled by imports from overseas countries. Rice is produced mainly in Italy and Spain, which are at the same time Europe's only exporters. France is by far the largest continental consumer and importer of rice, but consumption of rice does not exceed 10 percent of the total human consumption of cereals. In the years just before the outbreak of war, the areas of Germany, Austria, Czechoslovakia, and German-controlled Poland, taken together, were virtually self-sufficient in bread grains. The Iberian Peninsula, before the civil war in Spain, was also practically self-sufficient. Italy and France needed relatively small imports of bread grains - with France importing largely from North African possessions. On the other hand, the Finnish-Scandinavian countries - in recent years with the exception of Sweden - the Low Countries, Switzerland, and, in the Balkans, Greece, depended heavily on imported grain for their bread supply - from around one-third of total human consumption in the case of Denmark to over four-fifths in Norway. The Danubian countries, on the other hand, normally produced substantial export surpluses, most of which were shipped to continental deficit regions. Around one-third of the bread-grain imports by continental deficit countries were supplied by the Danubian export districts, on the average, over a period of pre-war years. The remaining deficit - wheat - was covered by imports from overseas.

In regard to sugar, the Continent of Europe in recent years had to cover from 6 to 8 percent of total consumption by imports from overseas. Large importers were France, Portugal, Switzerland, Belgium, and the Netherlands, as well as Finland and Norway. Germany, once an important exporter, in the recent past imported small quantities of sugar at a time when production of so-called feed sugar was being expanded. Basically, Germany is self-sufficient. On the other hand, Czechoslovakia, Poland, and Hungary - in some recent years also Denmark - were exporters of sugar. Between one-third and one-half of the sugar import requirements of continental deficit countries have been supplied by continental exporting countries.

#### Prospective 1940-41 Supply and Consumption

Continental Europe's normal dependence on overseas supplies of foods and feeds offers a basis for judging the food situation as it presents itself in time of war. There are, however, some important additional factors that must be allowed for. Since normal pre-war consumption and imports from overseas mean the average performance over a number of recent representative years, the outlook for any one single year will be

modified by crop outturn, import possibilities, and the stocks position. Furthermore, consumptive requirements by commodities in time of war may differ substantially from normal needs, as a result of deliberate policy or extraneous influences. Rationing may play a part in this, and it may operate to spread existing aggregate deficits more evenly over a range of commodities. At the same time, rationing may establish different consumer categories. Moreover, in time of war, subjugated territories may experience heavy enemy inroads upon their agricultural reserve supplies or current productions, and conversely other regions and populations may thus secure additional supplies. Difficulties in transportation and lack of railroad and motor fuel as well as deliberate policies may also bring about inequalities in the distribution of aggregate supplies. For these and other reasons a review of the prospective food situation in continental Europe in the present war season 1940-41 cannot exclusively treat the Continent as a unit, but must also proceed by way of regional discussion.

The Continent as a unit - The food situation on the Continent of Europe during 1940-41 will be determined by a combination of circumstances the impact of which, if the war continues, can hardly be counteracted. Heavy dependence of individual countries upon now-blockaded overseas supplies of vegetable fats, bread grains, and feedstuffs; below-average crops and surpluses in Europe this year because of above-normal crop damage, reduction in sowings, and damage incident to war operations; and disorganization as a result of the war as well as difficulties in distribution and transportation, are the most important factors in the present outlook. The situation could be alleviated if ample supplies of grain were forthcoming from Russia, but there is little prospect that shipments from that country will be large. In the Danube Basin, export supplies of grain will be considerably below normal in 1940-41 as a result of the small crops this year and territorial revisions.

In view of the Continent's considerable dependence on overseas food supplies now largely shut off by the blockade, it seems possible that a war season 1940-41 would considerably reduce accumulated food reserves and cut into the future producing capacity of the livestock industry. As time goes on, the long-run factors tending to curtail agricultural production in time of war, such as for example a shortage of certain fertilizers, will in time become important. If continental Europe were to face a continuance of the war in 1941-42, and unless overseas supply lines were meanwhile to be regained, the present critical conditions would probably be further intensified, and extended over larger areas.

Germany - In more than one sense Germany holds the key to the continental food situation. Of the 350 millions who before the outbreak of war populated continental Europe (exclusive of Russia) almost one-third lived in the territory of what is now known as Greater Germany, the Protectorate of Bohemia-Moravia, and the Government General of Poland.

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In the territories of the Old German Reich, Austria, and probably Czechoslovakia, a war season 1940-41 is unlikely to result in a serious food situation. There have been no significant changes in German food rations since the outbreak of war. Supplies for 1940-41 of bread grains, meats, and vegetables will probably be such as to obviate a reduction of existing wartime rations or levels of consumption of these foods. Supplies of fruit will probably continue low, and fresh milk consumption on the very low level set by the existing rations may be maintained unchanged. Egg consumption, which was much reduced in 1939-40, may experience even further reduction, and some doubt seems to be justified as to whether it will be possible to maintain unchanged the present low fat rations throughout 1940-41. The position of the German population is improved to the extent that the German armies of occupation subsist on supplies in the occupied countries. Moreover, foodstuffs from these occupied areas have been diverted to Germany for consumption there. Reports indicate that the German authorities have also secured agricultural supplies from the unoccupied parts of France. Against these additional supplies must be set increased food requirements within Germany for prisoners of war and imported farm laborers.

While it thus appears unlikely that the food situation will become precarious in Germany during 1940-41, and that existing rations or levels of consumption may have to be curtailed, attention should be drawn to the fact that the existing wartime rations of important foods are manifestly inadequate for a large share of consumers. The rations now in force permit of a consumption of fats and meats of only about 80 percent of the immediate pre-war years - when they were already being restricted. Consumption of fresh milk has been even more drastically curtailed. Within these total levels of consumption, about one-third of the population must even subsist on lower-than-average rations, while there are higher-than-average rations set for soldiers, heavy manual workers, and in some cases children. Farmers may also be expected to maintain a higher-than-average level of consumption of some basic foods.

Supplies of bread and flour, as well as potatoes (which are not now rationed) for human consumption, on the other hand, are liberal - partly to offset the shortage in other foods. As a result, wartime human consumption of bread grains may reach a level of more than 15 percent above pre-war, and potatoes may show an even greater increase. Again, in the case of bread grains, the rations for fully one-third of the population are below pre-war consumption, but above pre-war for the preferred groups. Allotments of sugar, eggs, and fruit are also below accustomed levels of consumption, while supplies of vegetables may be about normal. As to sugar, supplies in 1940-41 will probably be considerably above normal, so that, considering reduced human consumption, substantial surpluses will be available to meet requirements of industry, increased feeding of so-called feed sugar, and some of the import demand of other European countries.

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In the livestock sector, German feed supplies will be short this season, both as a result of smaller domestic crops and a reduction in feed imports, largely concentrates. Compared with an average of recent years, total feed supplies likely to be available for feeding in 1940-41 will be somewhat smaller. Since the shortage is particularly grave in the case of concentrates, where the reduction compared with normal feeding may be 80 percent or more, dairy output will continue to be measurably affected. Hence the restrictions in fresh milk and cheese consumption. It is also likely that less pork, lard, and other livestock products will be currently produced from the reduced feed supplies available in 1940-41. Still, current domestic production and imports, plus what is becoming available from forced slaughter of livestock, is likely to suffice for a maintenance of meat consumption on the reduced level of 1939-40.

In this summary of the prospective food position in Germany during 1940-41, account has been taken of the various components of total supply. Although agricultural surpluses of the Danube countries will be much reduced this year because of small crops and territorial changes there, Germany will still receive measurable quantities of livestock products, and probably several hundred thousand tons of grains from that region. German stocks of bread grains still appear to be large and sufficient to cover any possible gap between 1940 production in Greater Germany and increased wartime requirements for 1940-41. There is less certainty about the size of stocks in fats and oils (or oilseeds), and it remains to be seen whether they will be sufficient - or, if sufficient, whether they will be fully drawn upon - to cover the existing deficit between current production, plus available import supplies, and the level of consumption on the basis of existing meager rations. This deficit, in 1940-41, may perhaps be estimated at one-fourth of a total prospective requirement of edible fats and oils of 1,200,000 metric tons.

The outturn of the 1940 potato crop in Greater Germany will cover all of the increased human requirements, but the quantity left for feeding will probably be smaller than that fed in recent years. This deficit is included in the estimated reduction of supplies of all feeds.

France - The food situation in France, both occupied and unoccupied, will probably be serious in 1940-41, and there may be acute distress in many localities. France will largely lack the traditional food supplies from North Africa and other colonial possessions. The food situation is seriously complicated by the division of the country into an occupied and an unoccupied zone - the latter, in many respects, a deficit producer and at the same time burdened with millions of refugees from the occupied areas. There are additional complications arising from restrictions placed by the German High Command on trade between the occupied and unoccupied parts of France.

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In unoccupied France, there will be grave shortages in oils and fats, sugar, bread grains, rice, and fresh milk, and in some important regions also of meat. Rations fixed for bread, sugar, meats, and fats are even below those in Germany. Apart from absolute shortage of supplies in relation to requirements, distribution seems to be the main problem. A serious shortage of coal and gasoline for railroads and motor transport greatly impairs transportation facilities. This situation may be further aggravated by demands that have reportedly been made by Germany for the delivery of livestock and other products.

In occupied France there was apparently much neglect in attending to necessary field work in the fall of 1939. Moreover, large areas have been affected by war operations, with the result that 1940 agricultural production is much below normal. Hundreds of thousands of farm refugees left their farms in May and June this year, and many farm animals have been destroyed. As a result, there was a considerable disorganization of farming and harvesting in these areas. Furthermore, large quantities of food-stuffs, and even livestock, have been requisitioned by the occupying German forces. Occupied France is facing acute deficiencies in fats and oils, milk, sugar, and rice. There is some uncertainty in regard to the bread supply for 1940-41. Considerable stocks of wheat were accumulated before the outbreak of war, but it is not known how much of these is still available to France. Bread rations decreed are apparently low.

Belgium - With Belgium's heavy normal dependence on imported food supplies, food prospects for 1940-41 are extremely unfavorable. Bread rations fixed are very low, yet their maintenance will require substantial imports. It is difficult to see how these are to be procured. Deficiencies in fats and oils, fresh milk, and eggs may also be expected for 1940-41.

Denmark and the Netherlands - As predominantly agricultural countries, Denmark and the Netherlands are likely to be better off than Belgium. Normal agricultural surpluses, however, produced from imported feeds, will be much reduced. In view of heavy dependence on imports of bread grains, bread consumption must be considerably reduced. There will also be shortages in fats and oils. It is not believed that the stocks position will materially affect this outlook. Meat and animal fat supplies, partly from emergency slaughter, will probably be liberal in 1940-41, but the sharp reduction in livestock numbers now under way to adjust numbers to a domestic-feed basis will mean a deep cut into the future producing capacity of the livestock industry.

Other countries - Sweden and Switzerland, well supplied with emergency stocks of foods and feeds, will suffer little hardship in 1940-41. In Finland there will probably be moderate shortages of bread grains and fats and oils. In Norway, on the other hand, the food position may become serious during 1940-41. It will be complicated by the lack of buying power as a result of wide-spread unemployment in the

country's important shipping and fishing industries. There seems to be some doubt as to the country's stocks of wheat, which in some quarters are believed to cover more than a year's requirements. Only if wheat stocks are large can a serious bread shortage be avoided. The catch of fish is considerably less than normal, because of the war at sea, and the curtailed supplies of marine oils will necessitate a drastic reduction in consumption, to say nothing of exports. Italy will feel in various degree the pinch of shortages in particular commodities, among them bread. Nevertheless, by curtailing and rationing the consumption of important foods, Italy can probably avoid serious deficiencies in 1940-41. The food situation in Spain will probably not improve over that of last year when there were widespread shortages. Portugal has practically normal food supplies.

Southeastern Europe - As a result of considerable crop damage in 1940, grain supplies in the Danube Basin this year will be appreciably reduced. The wheat crop was particularly unsatisfactory, and while the corn outlook is better, much will be needed to replace wheat in local food consumption. Another factor reducing grain export surpluses of the Danube Basin for 1940-41 is the territorial change that has taken place in Rumania this year. Without Bessarabia, Rumania will have little or no grain or oilseed surplus this year, and it is questionable whether the Soviet Union will export from this area. Bessarabia heretofore has supplied most of the oilseeds from southeastern Europe.

Total grain exports from the Danube Basin in 1940-41 will probably be considerably below normal, whereas livestock exports will hardly be much curtailed. Domestic consumption will feel the pinch of restriction, but, since in those farming areas malnutrition and deficiencies in local food supplies are widespread even in so-called normal times, the domestic food situation in 1940-41 will not differ much from what it usually is. In the cities, however, which are normally well supplied, some shortages will be acute.

#### The Problem of Food Distribution

Germany holds the key to the food-distribution problem facing the greater part of continental Europe as long as the British blockade is effectively maintained. This is because the German Reich, as the largest agricultural producer in Europe (excluding Russia), has the largest food reserves on hand, and has military control over several countries more or less important agriculturally - Denmark, Norway, Belgium, the Netherlands, and France, as well as Czechoslovakia, and the most important agricultural area of former Poland. Most of the remaining countries of continental Europe appear to fall within Germany's wartime orbit.

Distribution between countries - It has been pointed out repeatedly that, notwithstanding the reduced 1940 crop output and the cessation of customary imports from overseas due to the blockade, the

general food situation in continental Europe during 1940-41 would be considerably less unfavorable if an equitable distribution of existing total supplies were made.

The German authorities state that food reserves were at as high a level in September 1940 as at the outbreak of the present war, and that for certain items - butter, eggs, and meat - the stocks are larger than at "any time previously." This statement is substantially corroborated by data examined in the preparation of this analysis, bearing in mind the shortage of imported oilseeds and/or fats and oils for the manufacture of margarine, as well as the reductions below normal of consumption by the large number of Germans not in a preferred-ration category. Of particular importance is the assertion that the bread-grain reserves are virtually as large now as at the war's outbreak. This would permit the present German bread rations to be maintained throughout 1940-41, allow around 2 million tons of bread grains for distribution in the occupied areas where the bread-grain shortage is acute, and still leave a reserve for carry-over into 1941-42.

As pointed out before, however, there are no indications that significant food supplies have thus far moved from or through the Axis countries into distribution channels of Western Europe. On the contrary, considerable quantities of foodstuffs, particularly livestock products, have been shipped from the occupied areas to the Reich proper or have been earmarked for consumption by the forces of occupation. To that extent, the food situation in the occupied areas has become worsened, except where purchases or requisitions comprised foodstuffs that would otherwise have been exported (such as Danish and Netherland livestock products formerly destined to the United Kingdom).

There will be limited interchange of foodstuffs and perhaps feedstuffs during 1940-41 between several of the European countries, but these interchanges are not likely to change significantly the present status of continental Europe's total available food supplies.

Distribution within countries - Every phase of food distribution within the German Reich is highly and effectively controlled through the vast network of administrative offices established for that purpose, but within Germany itself the distribution of foods is not uniform as among segments of the population. Members of the armed forces, heavy and extra-heavy manual workers, and farmers are placed in preferred-ration categories, in which the allowances are fairly well in line with their actual nutritional requirements. For some 30-35 million persons in the "normal consumer" category, the ration allowances are substantially below the customary consumption level and perhaps not very much in excess of a bare subsistence level. A high level of industrial production and employment in general, together with rigid price control of all essential foodstuffs, enables the bulk of German citizens to obtain foods within the prescribed ration allowances in the various categories.

Within most of the German-occupied countries, however, food distribution is jeopardized by two outstanding factors: (1) short supplies in relation to total food requirements, and (2) insufficient purchasing power on the part of a large share of the population, even for the restricted food supplies available, owing to the economic and industrial dislocation brought about by the German invasion. - This applies particularly to Norway, Belgium, and the industrial regions of France, perhaps somewhat less to Denmark and the Netherlands, but to a high degree for the so-called "Government General" of Poland. A third factor, particularly in the case of France, is inadequate transportation.

Drastic food restrictions were recently instituted in France in order to insure a more even distribution of the available food supply. Rationing for a number of major foodstuffs in varying degree, principally fats and oils, sugar, milk, and bread, obtains in Denmark, Norway, Belgium, and the Netherlands. Sugar rationing also applies in most countries of continental Europe. Meatless days obtain in a large number of European countries, namely most of the countries of southeastern Europe and Italy. For some of the Danubian countries, the enforcement of meatless days is, in part at least, to meet export commitments to the Axis powers. It is obvious, however, that the problem of food distribution that remains is not so much one of distribution within countries as of distribution between countries.

CONTINENTAL EUROPE: Estimated net imports of deficit and net exports of surplus countries of important foods and feeds, pre-war normal a/

Commodity	Net imports of deficit countries	Net exports of surplus countries	Net continental imports	Exports of surplus in percentage of imports of deficit countries
	1,000	1,000	1,000	
	metric tons	metric tons	metric tons	Percent
Wheat .....	4,300	1,300	3,000	30
Rye .....	750	500	250	67
Total .....	5,050	1,800	3,250	35
Barley .....	1,450	750	700	52
Oats .....	550	150	400	27
Corn .....	4,450	1,250	3,200	28
Total .....	6,450	2,150	4,300	33
Sugar.....	800	400	400	50
Feed concentrates	3,150	50	3,100	2
Vegetable oils ..	2,050	100	1,950	5
Butter .....	80	280	b/ -200	b/
Lard .....	70	50	20	70
Marine oils .....	290	220	70	75
Total .....	2,490	650	1,840	26

a/ "Pre-war normal" - Yearly average over a period of 4 or 5 consecutive years between 1933 and 1938 considered as representative. b/ Net continental export surplus.

CONTINENTAL EUROPE: Estimated production, trade, and consumption  
of important foods and feeds, pre-war normal a/

Commodity	Pro- duction	Net imports	Apparent con- sumption	Seed and loss b/	Net con- sumption	Net imports in percentage of con- sumption
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	Per- cent
Bread grains:						
Wheat.....	41,000	c/3,000	44,000	4,900	39,100	8
Rye.....	22,400	250	22,650	2,700	19,950	1
Total.....	63,400	3,250	66,650	7,600	59,050	5.5
Potatoes.....	142,000	-	142,000	15,600	126,400	0
Feed grains:						
Barley.....	14,700	700	15,400	1,700	13,700	5
Oats.....	22,000	400	22,400	2,600	19,800	2
Corn.....	18,000	c/3,200	21,200	2,200	19,000	17
Meslin and spelt... Total.....	3,200 57,900	0 4,300	3,200 62,200	400 6,900	2,800 55,300	0 8
Sugar.....	5,500	400	5,900	-	-	7
Feed concentrates (cake equivalents of home-produced and imported oilseeds).	350	d/3,100	3,450	-	-	90
Vegetable oils (oil equivalents of home-produced and imported oilseeds plus home-produced and imported oils).	900	1,950	2,850	-	-	63
Butter.....	e/1,600	f/-200	e/1,400	-	-	g/12.5
Lard.....	e/1,100	20	e/1,120	-	-	2
Marine oils.....	e/h/260	i/70	e/330	-	-	21
Total.....	3,860	1,840	5,700	-	-	-

a/ "Pre-war normal" - yearly average over a period of 4 or 5 consecutive years between 1933 and 1938 considered as representative.

b/ About 12 percent of the crop in the case of grains, and about 11 percent in the case of potatoes.

c/ Abnormally high imports by Germany for reserve stocks in 1937 and 1938 were reduced to more nearly normal quantities.

d/ Bran is not included. e/ Rough estimate.

f/ Net continental export surplus. g/ Net exports in percentage of production. h/ Norway's production. i/ Mainly imports from the United Kingdom.

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## Index

	Page ::		Page
Late cables .....	468	Lard, exports, Brazil,	
- - - - -		January-March 1940 .....	499
		Meat, exports,	
Bananas, exports,		Brazil, 1940 .....	496-499
Haiti (U.S.), 1939-40 .....	494	Nuts, exports, Brazil (U.S.),	
Barley, production, Canada, 1940..	471	September 1940 .....	468
Beef, exports, Brazil,		Oats, production, Canada, 1940....	471
January-March 1940 .....	497	Pork, exports, Brazil,	
Cotton:		January-March 1940 .....	499
Exports, U.S., principal foreign		Raisins, production, Turkey, 1940.	491
markets, Sept. 26, 1940.....	488	Rice:	
Prices:		Exports, U.S., August 1940 .....	476
Liverpool, Sept. 25, 1940.....	488	Shipments, U.S. (Possessions),	
Liverpool (fixed), Oct. 1, 1940..	480	August 1940 .....	476
Textile situation, Spain,		Rye, production, Canada, 1940 ....	471
Aug. 13, 1940 .....	486, 487	Soybeans:	
Trade, international, August-		Acreage, Danube Basin, 1940 ....	477
July 1939-40.....	481-486	Production, Danube Basin, 1940...	477
Wartime measures:		Tobacco:	
Belgium, July 27, 1940 .....	480	Acreage, Spain, 1940 .....	489
British India, July 1940 .....	479	Crop prospects,	
Japan, July 12, 1940 .....	479, 480	Canada, Sept. 26, 1940.....	489
Feed situation, continental		Prices (specified types),	
Europe, 1940-41 .....	500-513	Spain, 1941 .....	489
Flour (wheat):		Sales, Sumatra (U.S.), 1940 ....	490
Exports, Canada, 1939-40 .....	474	Tax (cigarette), China, 1940 ....	490
Production, Canada, 1939-40 ....	474	Vegetables (specified), duty	
Food situation, continental		valuation, Canada, 1940-41 .....	495
Europe, 1940-41 .....	500-513	Wheat:	
Fruit:		Acreage, Canada, 1941 .....	470
Duty valuation (specified),		Exports, U.S.,	
Canada, 1940-41 .....	495	July-August 1940 .....	469
Exports (citrus),		Prices, Canada, Sept. 18, 1940...	473
Palestine, 1939-40 .....	491, 492	Production:	
Imports (apples and pears),		Canada, 1940 .....	470
Argentina, Sept. 26, 1940.....	468	North Africa, 1940 .....	475

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